

**Redevelopment Agency of the City of Long Beach  
(A Component Financial Reporting Unit of the  
City of Long Beach, California)**

**Annual Financial Report  
For the Fiscal Year Ended September 30, 2003**

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**

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**Redevelopment Agency of the City of Long Beach**  
(A Component Financial Reporting Unit of the City of Long Beach, California)  
September 30, 2003

**Members of the Redevelopment Agency Board**

	<u>Term Expires</u>
Jane Netherton, Chair	June 2005
John Gooding, Vice Chair	June 2005
William E. Baker	June 2007
Thomas Fields	June 2007
Alan Burks	June 2007
Rick Meghiddo	June 2007
Neil McCrabb	June 2007

**Management**

Melanie S. Fallon, Executive Director

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OFFICE OF THE  
CITY AUDITOR

355 South Grand Avenue, Suite 2000  
Los Angeles, CA 90071

333 West Ocean Blvd.  
Long Beach, CA 90802

## Independent Auditors' Report

The Honorable Mayor and City Council  
Citizens of Long Beach, California

The Members of the Redevelopment Agency Board  
City of Long Beach, California:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the discretely presented component unit aggregate, and remaining fund information of the Redevelopment Agency of the City of Long Beach (Agency), a component unit of the City of Long Beach, California, as of and for the year ended September 30, 2003, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the discretely presented component unit of the Redevelopment Agency of the City of Long Beach as of September 30, 2003 and the respective changes in financial position and the respective budgetary comparisons for the governmental funds and the low- and moderate-income housing component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2004 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Redevelopment Agency of the City of Long Beach. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP



KPMG LLP

Gary L. Burroughs, CPA  
City Auditor

January 23, 2004

## **Management's Discussion and Analysis**



**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Management's Discussion and Analysis**

The information presented in the "Management's Discussion and Analysis" is intended to be a narrative overview and analysis of the Redevelopment Agency of the City of Long Beach's (Agency) financial activities for the fiscal year ended September 30, 2003. We encourage readers to consider this information in conjunction with the accompanying basic financial statements.

The City of Long Beach has previously implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as well as GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* as of and for the year ended September 30, 2002. As a consequence of such implementation, all component financial reporting units, including the Agency, were also required to implement such accounting pronouncements.

**Financial Highlights**

**Government-wide**

- The liabilities of the Agency exceeded its assets at September 30, 2003 by \$192,289,000. Of this amount \$13,804,000 is invested in capital assets, net of related debt and \$123,569,000 is restricted for specific purposes. The Agency's accumulated net deficit of \$192,289,000 resulted mainly from long-term debt due to the City of Long Beach and bonds payable and is intended to be relieved from future tax increment revenues, as well as any other available revenue resources.
- The Agency's total net assets decreased by \$1,211,000. This is the result of program expenses of \$35,724,000 exceeding program revenues of \$34,513,000.
- The Agency's net long-term debt increased by \$9,431,000 during the current fiscal year. The key factor in this increase was the issuance of \$47,780,000 of tax allocation bonds, less principal repayments and defeased bonds of \$41,865,000. The Agency issued bonds during the fiscal year to refund a portion of outstanding bond issues to take advantage of favorable interest rates, extend terms and lower the annual debt service cost and repay a certain loan owed to the Port of Long Beach. A portion of the bond proceeds will be used to fund future redevelopment projects and pay the costs of issuance costs.

**Fund basis**

- As of September 30, 2003, the Agency's governmental funds reported an ending deficit fund balance of \$19,504,000, a \$6,326,000 improvement from the prior fiscal year's deficit fund balance of \$25,830,000 mainly due to the 2002B bond issuance and increase in tax increment revenues.
- The Agency's deficit fund balance mainly resulted from funding redevelopment projects through the issuance of long-term indebtedness to the City of Long Beach and outside entities, which is to be paid as funds become available.

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**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Management's Discussion and Analysis**

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net assets changed during the current fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

Governmental activities of the Agency include housing, community and economic development, public improvements and debt service. The activities of the Agency are carried out in seven project areas.

The government-wide financial statements include a discretely presented component unit for the Low-and Moderate-Income Housing, which accounts for 20% tax increment set aside revenue to provide housing for low-and moderate-income households as required under California Redevelopment Law, Section 33334.3.

### Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other units of state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are classified as governmental funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term *inflows* and *outflows* of *spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in

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evaluating the Agency's financial resources that are available in the near future to finance the various activities.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the capital projects fund and the debt service fund.

The Agency adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for governmental funds to demonstrate compliance with this budget.

### **Notes to Basic Financial Statements**

The notes provide narrative information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Other information**

In addition to the basic financial statements and accompanying notes, this report also includes other supplementary information relating to the Agency's fund financial statements and budgetary comparison to actual expenditures for each of the redevelopment project areas. A combining schedule of changes in long-term debt has been included in this report.

### **Government-wide Financial Analysis**

The Agency presents its financial statements in accordance with GASB Statement No. 34, and its related pronouncements, with the focus on the analysis of the current fiscal year's net assets and changes in net assets.

#### **Analysis of Net Assets**

Net assets may serve, over time, as a useful indicator of a government's financial position. At September 30, 2003, the Agency's liabilities exceeded its assets by \$192,289,000. Of this amount, \$13,804,000 is invested in capital assets, net of related debt and \$123,569,000 represents restricted net assets for capital projects, low-and moderate-income housing activities and debt service. The Agency's deficit is intended to be relieved from future Agency revenues. The Agency's deficit is caused from the issuance of long-term debt instead of capital contributions. This is primarily due to the nature of

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redevelopment financing, whereby the Agency issues bonds or incurs long-term debt to finance a substantial portion of its redevelopment activities which include land acquisition, housing, public parking, commercial and retail projects, community development activities and others. In some cases, assets may be transferred to the City of Long Beach; however, the debt remains with the Agency. The Agency also provides "gap" financing in other types of redevelopment activities; any equity assumed in these projects is usually significantly less than the underlying expenditures. Redevelopment activities are designed to alleviate urban blight. Redevelopment activities often improve property values and as a result generate additional tax increment to service the Agency's debt and finance additional projects.

The following table summarizes the Agency's net assets (net deficit) as of September 30, 2003 with comparative figures for 2002 (in thousands):

	Governmental Activities		
	2003	2002	% Change
<b>ASSETS</b>			
Current and other assets	\$ 132,211	\$ 135,416	(2.37)
Capital assets	13,804	13,805	(0.01)
Total assets	<u>146,015</u>	<u>149,221</u>	<u>(2.15)</u>
<b>LIABILITIES</b>			
Current and other liabilities	15,012	26,438	(43.22)
Long-term liabilities	323,292	313,861	3.00
Total liabilities	<u>338,304</u>	<u>340,299</u>	<u>(0.59)</u>
<b>NET ASSETS</b>			
Invested in capital assets	13,804	13,805	(0.01)
Restricted net assets	123,569	73,718	67.62
Unrestricted deficit	(329,662)	(278,601)	18.33
Total deficit	<u><u>\$ (192,289)</u></u>	<u><u>\$ (191,078)</u></u>	<u><u>0.63</u></u>

**Analysis of Changes in Net Assets**

During fiscal year 2003, governmental activities increased the deficit by \$1,211,000 from the prior year to \$192,289,000. Key elements of the governmental activities are as follows:

Incremental property tax revenues are the Agency's major source of funding for redevelopment activities. For the year ended September 30, 2003, the Agency recognized \$27,475,000 in tax increment revenues. This represents 80% of the total revenues of the governmental activities of \$34,513,000. The decrease of 17% in current year revenues is due to the one time revenues received in prior fiscal year (i.e., reconveyance of land and forgiveness of debt for an early loan repayment).

Community and cultural expenditures totaled \$21,307,000 or 60% of the total expenses of the governmental activities of \$35,724,000.

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Changes in Net Assets  
Years Ended September 30  
(In Thousands)

	Governmental Activities		
	2003	2002	% Change
<b>REVENUES</b>			
Program Revenues			
Operating grants and contributions	\$ 115	\$ 17	576.47
Charges for services	1,431	1,859	(23.02)
General revenues:			
Incremental property taxes	27,475	25,796	6.51
Interest income	2,714	2,210	22.81
Other	2,778	11,754	(76.37)
Total Revenues	<u>34,513</u>	<u>41,636</u>	<u>(17.11)</u>
<b>EXPENDITURES</b>			
Program expenses			
General government	161	165	(2.42)
Community and cultural	21,307	14,901	42.99
Other	4,118	6,927	(40.55)
Interest in long-term debt	10,138	8,753	15.82
Total expenses	<u>35,724</u>	<u>30,746</u>	<u>16.19</u>
Change in net asset, deficit	(1,211)	10,890	(111.12)
Deficit, October 1	<u>(191,078)</u>	<u>(201,968)</u>	<u>(5.39)</u>
Deficit, September 30	<u><u>\$ (192,289)</u></u>	<u><u>\$ (191,078)</u></u>	<u><u>0.63</u></u>

Community and economic development expenses shown on the Statement of Activities include capital redevelopment project costs such as land acquisition for library and parks, new housing, and public parking, pass through payments to various taxing entities and Los Angeles County collections fees.

### **Financial Analysis of the Agency's Governmental Funds**

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, the unreserved fund balance serves as a useful measure of the Agency's net resource available for spending at the end of the fiscal year.

At September 30, 2003 the Agency's governmental funds reported a combined accumulated ending fund deficit of \$19,504,000, an improvement over the prior year of \$6,326,000. Of this amount, \$126,641,000 is positive fund balance reserved for debt service, land held for resale, long term receivable and encumbrances.

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**Management's Discussion and Analysis**

The remaining is a deficit balance of \$146,145,000, which constitutes the unreserved fund balance. The portion of the fund balance that is available for spending has been appropriated in fiscal year 2004.

*Capital Projects Fund-* The Capital Projects fund is used to account for redevelopment expenditures from tax increment, bond proceeds, federal grants and project program income. The Capital Projects Fund is the Agency's principal fund. The accumulated deficit fund balance at September 30, 2003 aggregated \$90,109,000, of which \$146,145,000 represents the unreserved deficit balance. The Capital Projects Fund accumulated deficit improved over the prior years by \$9,440,000 due to increased property tax increment revenues transferred to this fund from the Agency's Debt Service Fund as well as additional advances made to this fund from the City.

*Debt Service Fund-* The Debt Service Fund is used to accumulate resources to pay principal and interest and other costs related to the Agency's long-term debt. At September 30, 2003, the Debt Service Fund had a total fund balance of \$70,605,000, of which \$35,503,000 was reserved for debt service and \$35,102,000 for redevelopment projects. The net decrease in fund balance over the prior year of \$3,114,000 is primarily due to the increase in the transfers made to the Capital Projects Fund for redevelopment projects and loan repayment to the Port of Long Beach.

*Low and Moderate Income Housing Discretely Presented Component Unit –* The Low and Moderate Income Housing Component Unit (Housing) primarily accounts for the portion of tax increment and related revenue designed for low-and moderate-income housing. State laws require redevelopment agencies to set aside 20% of tax increment for low-and moderate-income housing projects. At September 30, 2003, the Housing Fund balance increased by \$2,953,000 to a total of \$31,029,000, due to an increase in the 20% housing set-aside funds received. The increased fund balance was also due to the decreases in program expenditures due to the timing of expenditures for various accounts implementing the Housing Action Plan. The entire fund balance is reserved for low-and moderate-income housing projects.

**Governmental Fund Budgetary Highlights**

A comparison between the initial budget and the final amended budget for all governmental funds shows a net increase of \$14,554,000. The increase is mainly due to the anticipated expenditures for project improvements costs and land acquisition.

The net ending fund balance variance of \$58,070,000 was mainly due to unspent unbudgeted funds in various project areas primarily caused by delays in incurring planned expenditures for some of the projects. The budget variances by project area are summarized under the Supplementary Financial Information sections of this report.

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**Capital Assets and Debt Administration**

**Capital Assets**

The Agency's investments in capital assets net of accumulated depreciation for its governmental activities as of September 30, 2003, totaled \$13,804,000. The Agency's capital assets include land of \$13,801,000 and machinery and equipment of \$3,000. Additional information on the Agency's capital assets can be found in Note 5 to the basic financial statements.

**Long-Term Liabilities**

At September 30, 2003 the Statement of Net Assets included the Agency's long-term liabilities of \$323,292,000 net of unamortized bond discount and is summarized as follows (in thousands):

<u>Agency's Long-Term Debt</u>	
Tax allocation bonds	\$ 176,746
Notes payable	2,026
Accrued interest	3,116
Payable to the City	141,404
Total	<u>\$ 323,292</u>

During fiscal year 2003, the Agency issued new bonds with an aggregate face value of \$47,780,000 to finance redevelopment activities in the Downtown, and West Long Beach Industrial Redevelopment Project Areas. The Agency's total bonded debt at September 30, 2003 was \$179,975,000. The bonds are secured solely by specified revenue sources (i.e., property tax increment). Moody's Investor's Service and Standard & Poor's Rating Services have assigned their municipal bond ratings of "Aaa" and "AAA", respectively to the new bonds.

Additional information on the long-term liabilities can be found in notes 8 and 9 of this report.

The time limits for the project areas are summarized as follows:

<u>Project Area</u>	<u>Date Adopted</u>	<u>Time Limit for Incurring Indebtedness</u>	<u>Termination Date</u>	<u>Time Limit For Repayment of Indebtedness</u>
Central Long Beach	03/06/2001	03/06/2021	03/06/2031	03/06/2046
Downtown	06/17/1975	01/01/2004	06/17/2015	06/17/2025
Los Altos	12/10/1991	12/10/2011	12/10/2031	12/10/2041
Poly High	04/03/1973	None	04/03/2013	04/03/2023
West Beach	07/21/1964	None	01/01/2009	01/02/2019
West Long Beach Industrial	07/01/1975	None	07/01/2015	07/01/2025
North Long Beach	07/16/1996	07/16/2016	07/16/2026	07/16/2041

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**Future Outlook - Economic Factors and Next Year's Budget**

- Rising home values in Long Beach have increased tax increment revenues in the North and Central Long Beach Project Areas. This trend is expected to continue and provide additional resources for the FY04 budget.
- In December 2002, the Redevelopment Agency issued tax allocation bonds for the Downtown and West Long Beach Industrial Project Areas to defease a portion of the existing bonds and to repay in full the debt to the Port of Long Beach.
- The State has required redevelopment agencies to shift, in aggregate, \$75,000,000 in property tax revenues to the Education Revenue Augmentation Fund (ERAF) for K-12 schools and community colleges during the fiscal year 2003. The Agency was required to remit \$853,000 into ERAF in May 2003. The State has also required a \$135,000,000 redevelopment agency ERAF shift for fiscal year 2004. The Agency will be required to make an ERAF payment of \$1,349,000 in the next fiscal year.
- The redevelopment plan for the Poly High, Downtown, West Beach, and West Long Beach Industrial Project areas originally contained December 31, 2003 or January 1, 2004 time limits to incur debt. The Redevelopment Agency's management used the provisions of Section 33333.6 of the Health and Safety Code to remove the time limit from the West Beach, Poly High and the West Long Beach Industrial Project Area. As a result, these projects will provide pass-through payments to the other taxing entities in FY05. As for the Downtown Project Area, after the time limit to incur debt expires, the project area will not be able to create any form of debt that would be repaid with tax increment revenues with the exception of debt needed to provide low-and moderate-income housing.

All of the above economic factors were considered in preparing the Agency's budget for fiscal year 2004.

**Request for Information**

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

City of Long Beach  
333 W. Ocean Boulevard, 5<sup>th</sup> Floor  
Long Beach, California 90802



## **BASIC FINANCIAL STATEMENTS**

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Statement of Net Assets (Deficit)**  
**September 30, 2003**  
**(With Comparative Totals for 2002)**  
**(In Thousands)**

	<b>2003</b>			<b>2002</b>
	Primary Government Redevelopment Agency	Component Unit Low-and Moderate- Income Housing	Total	Total
<b>ASSETS</b>				
Current assets:				
Pooled cash and cash equivalents	\$ 33,524	\$ 7,852	\$ 41,376	\$ 46,249
Non-pooled cash and cash equivalents	54,817	3,676	58,493	54,172
Interest receivable	302	2	304	336
Due from Redevelopment Agency		400	400	-
Accounts and loans receivables, net	481	45	526	416
Other Assets	2,744	1	2,745	2,113
Land Held for Resale	39,325	750	40,075	40,928
Noncurrent assets:				
Other non-current receivables	1,018	6,995	8,013	7,916
Due from primary government	-	18,482	18,482	18,455
Capital assets				
Land and other assets not being depreciated	13,801	908	14,709	15,279
Buildings, improvements and equipment net of accumulated depreciation	3	1,090	1,093	1,152
Other Assets				6
Total assets	<u>146,015</u>	<u>40,201</u>	<u>186,216</u>	<u>187,022</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and vouchers payable	1,770	45	1,815	1,878
Accrued wages and other benefits	42	23	65	44
Due to the City of Long Beach	2,005	-	2,005	17,050
Due to the Component Unit	400	-	400	-
Deferred revenue	6,094	17	6,111	3,021
Bonds payable within one year	4,682	-	4,682	3,570
Other long-term obligations-current	19	-	19	1,017
Liabilities payable from restricted assets				
Accrued interest payable	3,116	337	3,453	3,795
Non-current liabilities:				
Deferred revenue, credits and other payable	-	94	94	95
Due to the City of Long Beach	122,922	-	122,922	120,941
Due to the Component Unit	18,482	-	18,482	18,455
Bonds payable	176,746	-	176,746	169,132
Other long-term obligations	2,026	1,015	3,041	2,859
Total liabilities	<u>338,304</u>	<u>1,531</u>	<u>339,835</u>	<u>341,857</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets,				
Net of related debt	13,804	983	14,787	15,416
Restricted for:				
Debt service	35,503	-	35,503	36,319
Operations and maintenance	-	27	27	77
Capital projects	48,741	-	48,741	37,399
Land held for resale	39,325	750	40,075	-
Other non-current receivable		25,477	25,477	-
Unrestricted (deficit)	(329,662)	11,433	(318,229)	(244,046)
Total net assets (deficit)	<u>\$ (192,289)</u>	<u>\$ 38,670</u>	<u>\$ (153,619)</u>	<u>\$ (154,835)</u>

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Statement of Activities**  
**Year Ended September 30, 2003**  
**(With Comparative Totals for 2002)**  
**(In Thousands)**

					<b>2003</b>		<b>2002</b>	
					Net (Expense) and Changes in Net Assets		Total	
					Program Revenues		Total	
					Primary Government Redevelopment Agency Total	Component Unit Low-and Moderate-Income Housing		
<b>Functions/Programs</b>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
<b>Primary Government:</b>								
General government	\$ 161	\$ -	\$ -	\$ -	\$ (161)	\$ -	\$ (161)	\$ (165)
Community and cultural	21,307	1,431	115	-	\$ (19,761)	-	(19,761)	(13,025)
Interest on long-term debt	10,138	-	-	-	\$ (10,138)	-	(10,138)	(8,753)
Total governmental activities	<u>31,606</u>	<u>1,431</u>	<u>115</u>	<u>-</u>	<u>\$ (30,060)</u>	<u>-</u>	<u>(30,060)</u>	<u>(21,943)</u>
<b>Component Unit:</b>								
Low-and moderate-income housing	<u>\$ 2,354</u>	<u>\$ 412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,942)</u>	<u>\$ (1,942)</u>	<u>\$ (3,909)</u>
General revenues								
Taxes:								
Property tax increment					27,475	6,458	33,933	30,347
20% housing set-aside from other agencies					-	329	329	1,519
Other					2,778	-	2,778	2,604
Unrestricted investment earnings					2,714	433	3,147	2,568
Loss on sale of capital asset					-	(170)	(170)	-
Land reconveyance					-	-	-	1,369
Forgiveness of debt					-	-	-	7,781
Other					(4,118)	(2,682)	(6,800)	(6,892)
Total general revenues and transfers					<u>28,849</u>	<u>4,368</u>	<u>33,217</u>	<u>39,296</u>
Change in net assets					(1,211)	2,426	1,215	13,444
Net assets (deficit) - October 1					<u>(191,078)</u>	<u>36,244</u>	<u>(154,834)</u>	<u>(168,279)</u>
Net assets (deficit) - September 30					<u>\$ (192,289)</u>	<u>\$ 38,670</u>	<u>\$ (153,619)</u>	<u>\$ (154,835)</u>

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Balance Sheet - Governmental Funds**  
**September 30, 2003**  
**(With Comparative Totals for 2002)**  
**(In Thousands)**

	2003			2002	
	Primary Government - Redevelopment Agency		Component Unit		
	Capital Projects Funds	Debt Service Funds	Low-and Moderate-Income Housing	Total	Total
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 17,045	\$ 16,479	\$ 7,852	\$ 41,376	\$ 46,249
Non-pooled cash and cash equivalents	1,270	53,547	3,676	58,493	54,172
Accounts and loans receivable	8	473	15	496	412
Interest receivable on investments	-	302	2	304	340
Due from the City of Long Beach	7	4,741	30	4,778	1,975
Advances to Redevelopment Agency	-	-	18,882	18,882	18,455
Land held for resale	39,325	-	750	40,075	40,928
Other assets	2,744	-	1	2,745	2,119
Long-term receivables	1,018	-	6,995	8,013	7,916
<b>TOTAL ASSETS</b>	<b>\$ 61,417</b>	<b>\$ 75,542</b>	<b>\$ 38,203</b>	<b>\$ 175,162</b>	<b>\$ 172,566</b>
<b>LIABILITIES</b>					
Vouchers payable	\$ 251	\$ 20	\$ 45	\$ 316	\$ 873
Accounts payable	1,323	176	-	1,499	1,004
Accrued wages payable	42	-	23	65	42
Other accrued benefits	-	-	-	-	2
Collections held in trust	980	-	17	997	574
Deferred revenue	373	4,741	7,089	12,203	9,403
Due to other funds-Current	2,412	-	-	2,412	17,057
Advances from the City of Long Beach	146,145	-	-	146,145	141,365
<b>TOTAL LIABILITIES</b>	<b>151,526</b>	<b>4,937</b>	<b>7,174</b>	<b>163,637</b>	<b>170,320</b>
Commitments and Contingencies					
<b>FUND BALANCE (ACCUMULATED DEFICIT)</b>					
Reserved:					
Land held for resale	39,325	-	750	40,075	40,928
Future projects	13,639	35,102	4,676	53,417	34,572
Debt service	-	35,503	-	35,503	36,319
Long-term receivables	-	-	6,995	6,995	19,492
Long-term advances	(146,145)	-	18,482	(127,663)	-
Encumbrances	300	-	99	399	
Other	2,772	-	27	2,799	11,745
Unreserved/designated	-	-	-	-	(140,810)
<b>TOTAL FUND BALANCE (ACCUMULATED DEFICIT)</b>	<b>(90,109)</b>	<b>70,605</b>	<b>31,029</b>	<b>11,525</b>	<b>2,246</b>
<b>TOTAL LIABILITIES, AND FUND BALANCE (ACCUMULATED DEFICIT)</b>	<b>\$ 61,417</b>	<b>\$ 75,542</b>	<b>\$ 38,203</b>	<b>\$ 175,162</b>	<b>\$ 172,566</b>

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Reconciliation of Balance Sheet of Governmental Fund Balance to the**  
**Statement of Net Assets (Deficit)**  
**September 30, 2003**  
**(In Thousands)**

	<u>Primary Government Redevelopment Agency</u>	<u>Component Unit Low-and Moderate- Income Housing</u>
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Total governmental fund balance (deficit)	\$ (19,504)	\$ 31,029
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.	13,804	1,998
Because the focus of governmental funds is short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	-	6,995
Governmental long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(186,589)</u>	<u>(1,352)</u>
Net assets (deficit) of governmental activities	<u>\$ (192,289)</u>	<u>\$ 38,670</u>

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Governmental Funds**  
**Year Ended September 30, 2003**  
**(With Comparative Totals for 2002)**  
**(In Thousands)**

	<b>2003</b>			<b>2002</b>	
	<b>Primary Government-Redevelopment Agency</b>			<b>Component Unit</b>	
	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total</b>	<b>Low-and Moderate- Income Housing</b>	<b>Total</b>
<b>REVENUES</b>					
Property tax increment	\$ -	\$ 27,475	\$ 27,475	\$ 6,458	\$ 33,933
20% Housing set-aside from other agencies	-	-	-	329	329
Interest income	453	1,650	2,103	383	2,486
Rental income	1,391	-	1,391	60	1,451
Transient occupancy tax	-	2,778	2,778	-	2,778
Gain on sale of land held for resale	-	-	-	-	-
Other income	128	585	713	1,577	2,290
<b>TOTAL REVENUES</b>	<b>1,972</b>	<b>32,488</b>	<b>34,460</b>	<b>8,807</b>	<b>43,267</b>
<b>EXPENDITURES</b>					
Administrative costs	3,987	2,652	6,639	1,041	7,680
Professional services	147	-	147	188	335
Planning, survey and design	1,372	-	1,372	-	1,372
Acquisition expense	1,293	-	1,293	1	1,294
Operation of acquired property	1,803	-	1,803	68	1,871
Relocation costs	161	-	161	30	191
Relocation payments	266	-	266	-	266
Project improvement/construction costs	2,757	-	2,757	672	3,429
Disposal costs	46	-	46	-	46
Interdepartmental charges	-	-	-	363	363
Loss on sale of land held for resale	3,134	-	3,134	-	3,134
Rehabilitation grants and loans	752	-	752	1,235	1,987
Furniture and equipment	6	-	6	-	6
Housing set-aside	-	329	329	-	329
Pass-through charges	159	4,021	4,180	-	4,180
Bad debt expense	-	-	-	-	-
Debt service payments:					
Bonds, C.O.P. and notes - principal	-	3,570	3,570	-	3,570
U.S., State and Other long-term debts - principal	-	1,017	1,017	-	1,017
Interest	62	10,661	10,723	-	10,723
<b>TOTAL EXPENDITURES</b>	<b>15,945</b>	<b>22,250</b>	<b>38,195</b>	<b>3,598</b>	<b>41,793</b>
Excess (deficiency) of revenues over expenditures	(13,973)	10,238	(3,735)	5,209	1,474
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Other deferred payments	159	-	159	-	159
Proceeds from issuance of long-term debt	-	47,780	47,780	-	47,780
Bond Premium	-	4,535	4,535	-	4,535
Forgiveness of debt	-	-	-	-	-
Advances-capitalized interest	(2,567)	-	(2,567)	26	(2,541)
Reconveyance of land	-	-	-	-	-
Proceeds from land sales	-	-	-	400	400
Payment to refunded bond escrow agent	-	(38,295)	(38,295)	-	(38,295)
Transfers in	24,099	-	24,099	-	24,099
Transfers out	-	(24,099)	(24,099)	-	(24,099)
Transfer to/from Redevelopment Agency	-	-	-	(2,682)	(2,682)
Transfers to the City	(2,021)	(3,273)	(5,294)	-	(5,294)
Transfers from the City	3,743	-	3,743	-	3,743
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>23,413</b>	<b>(13,352)</b>	<b>10,061</b>	<b>(2,256)</b>	<b>7,805</b>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	9,440	(3,114)	6,326	2,953	9,279
Fund Balance (Accumulated deficit)-October 1	(99,549)	73,719	(25,830)	28,076	2,246
<b>FUND BALANCE (ACCUMULATED DEFICIT) SEPTEMBER 30</b>	<b>\$ (90,109)</b>	<b>\$ 70,605</b>	<b>\$ (19,504)</b>	<b>\$ 31,029</b>	<b>\$ 11,525</b>
				<b>\$ 2,246</b>	

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Reconciliation of Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance (Deficit) of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Primary Government Redevelopment Agency	Component Unit Low-and Moderate- Income Housing
Amounts reported for governmental activities in the statement of activities are different because:		
Excess of revenue and other sources over expenditures and other uses - total governmental funds.	\$ 6,326	\$ 2,953
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the depreciation amount in the current period.	(1)	(58)
Net effect of miscellaneous transactions involving capital assets (for example, sales, trade-ins and donations) is an increase to net assets.	-	(570)
Governmental funds report expenditures pertaining to the establishment of certain long-term loans made. Payments on these long-term receivables are recorded as revenue in the governmental funds. These deferred credits are not reported on the statement of net assets and, therefore, the corresponding net expense is not reported on the statement of activities.	-	131
The issuance of long term debt (for example, bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,942)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	406	(30)
Change in net assets in governmental activities.	<u>\$ (1,211)</u>	<u>\$ 2,426</u>

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Capital Projects Fund			
	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
				Positive (Negative)
REVENUES				
Interest income	\$ 1,715	\$ 1,715	\$ 453	\$ (1,262)
Rental income	1,449	1,124	1,391	267
Land sale proceeds	(2,357)	(4,589)	3,991	8,580
Other income	3,594	4,011	128	(3,883)
TOTAL REVENUES	4,401	2,261	5,963	3,702
EXPENDITURES				
Administration costs	9,614	9,648	4,287	5,361
Professional services	1,385	1,444	147	1,297
Planning survey and design	3,291	3,319	1,372	1,947
Acquisiton costs	31,022	31,430	1,293	30,137
Operation of acquired property	787	3,585	1,803	1,782
Relocation costs	2,013	2,002	161	1,841
Relocation payments	-	-	266	(266)
Site clearance costs	278	278	-	278
Project improvement/construction costs	9,811	9,942	2,757	7,185
Disposal costs	-	-	46	(46)
Land purchases	117	-	6,271	(6,271)
Rehabilitation grants and loans	1,257	1,253	752	501
Furniture and equipment	8	8	6	2
Pass through's and ERAF payments	135	135	159	(24)
Debt service payments:				
City/County advances and loan principal	368	368	-	368
Interest	-	-	62	(62)
TOTAL EXPENDITURES	60,086	63,412	19,382	44,030
Excess (deficiency) of revenues over expenditures	(55,685)	(61,151)	(13,419)	47,732
OTHER FINANCING SOURCES (USES)				
Other deferred payments	135	135	159	24
Proceeds from other long-term debt	34,018	(2,810)	-	2,810
Transfers in, net	23,191	32,748	24,099	(8,649)
Interagency payments	2,217	4,743	-	(4,743)
Transfer to the City	(500)	(48)	-	48
Transfer from the City	3,129	4,219	3,743	(476)
Payments to the City of Long Beach	(2,347)	(1,852)	(2,021)	(169)
TOTAL OTHER FINANCING SOURCES (USES)	59,843	37,135	25,980	(11,155)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	4,158	(24,016)	12,561	36,577
Fund deficits-October 1, budgetary basis	(139,774)	(139,774)	(139,774)	-
Encumbrances-beginning of the year	46	46	46	-
FUND BLANCES - SEPTEMBER 30, BUDGETARY BASIS	\$ (135,570)	\$ (163,744)	\$ (127,167)	\$ 36,577

The notes to the basic financial statements are an integral part of this statement.



**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Debt Service Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 22,395	\$ 22,395	\$ 27,475	\$ 5,080
Interest income	1,480	1,480	1,650	170
Transient occupancy tax	2,678	2,678	2,778	100
Other income	736	736	585	(151)
<b>TOTAL REVENUES</b>	<b>27,289</b>	<b>27,289</b>	<b>32,488</b>	<b>5,199</b>
<b>EXPENDITURES</b>				
Administration costs	581	2,293	2,652	(359)
Housing set-aside	-	-	329	(329)
Pass through's and ERAF payments	3,282	3,282	4,021	(739)
Debt service payments:				
Bonds, certificates of participation, and notes-principal	3,012	3,012	3,570	(558)
City/County advances and loan principal	2,740	2,740	-	2,740
U.S., State and other long-term debt principal	-	9,516	1,017	8,499
Interest	10,800	10,800	10,661	139
<b>TOTAL EXPENDITURES</b>	<b>20,415</b>	<b>31,643</b>	<b>22,250</b>	<b>9,393</b>
Excess (deficiency) of revenues over expenditures	6,874	(4,354)	10,238	14,592
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from other long-term debt	-	52,176	47,780	(4,396)
Bond premium	-	-	4,535	4,535
Advance refunding	-	(38,531)	(38,295)	236
Transfers in (out), net	(22,000)	(31,097)	(24,099)	6,998
Payment from RDA	329	329	-	(329)
Transfer to the City	(2,678)	(3,130)	(2,753)	377
Payments to the City of Long Beach	-	-	(520)	(520)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(24,349)</b>	<b>(20,253)</b>	<b>(13,352)</b>	<b>6,901</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(17,475)	(24,607)	(3,114)	21,493
Fund balances - October 1, budgetary basis	73,719	73,719	73,719	-
<b>FUND BALANCES - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 56,244</b>	<b>\$ 49,112</b>	<b>\$ 70,605</b>	<b>\$ 21,493</b>

The notes to the basic financial statements are an integral part of this statement.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Component Unit/Low-and Moderate- Income Housing			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 5,694	\$ 5,694	\$ 6,458	\$ 764
20% Housing set-aside from other agencies	-	-	329	329
Interest income	159	159	383	224
Rental income	504	504	60	(444)
Other	(36)	(36)	1,577	1,613
<b>TOTAL REVENUES</b>	<b>6,321</b>	<b>6,321</b>	<b>8,807</b>	<b>2,486</b>
<b>EXPENDITURES</b>				
Administration costs	973	973	1,043	(70)
Professional Services	-	-	188	(188)
Acquisition costs	-	-	1	(1)
Operation of acquired property	-	-	68	(68)
Relocation costs	-	-	30	(30)
Project improvement/construction costs	3,117	1,697	769	928
Interdepartmental charges	255	255	363	(108)
Rehabilitation grants and loans	7,554	2,931	1,235	1,696
Land purchases	2,131	2,631	-	2,631
<b>TOTAL EXPENDITURES</b>	<b>14,030</b>	<b>8,487</b>	<b>3,697</b>	<b>4,790</b>
Excess (deficiency) of revenues over expenditures	(7,709)	(2,166)	5,110	7,276
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from land sales	-	-	400	400
Transfers in	1,648	2,174	-	(2,174)
Transfers out	(70)	(70)	-	70
Transfer to other funds	(1,125)	(5,925)	(2,682)	3,243
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>453</b>	<b>(3,821)</b>	<b>(2,282)</b>	<b>1,539</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(7,256)	(5,987)	2,828	8,815
Fund balances-October 1, budgetary basis	27,263	27,263	27,263	-
Encumbrances, beginning of the year	42	42	42	-
<b>FUND BALANCES - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 20,049</b>	<b>\$ 21,318</b>	<b>\$ 30,133</b>	<b>\$ 8,815</b>

The notes to the basic financial statements are an integral part of this statement.

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**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Notes to Basic Financial Statements**  
**September 30, 2003**

**Note 1 - Description of Entity, Funds and Summary of Significant Accounting Policies**

Reporting Entity – The Redevelopment Agency of the City of Long Beach (Agency) was established by action of the City Council in 1961 under provisions of State Law. The Agency is an independent public agency governed by a board comprised of seven citizens who are appointed by the Mayor and confirmed by the City Council. The City Council approves the Agency's annual budget and subsequent changes for the year. The City Council also approves all decisions that impact the Agency's fiscal operations, such as the determination of the redevelopment project areas and changes thereto, issuance of bonds and sale of properties. The City has financial oversight responsibility over the Agency and provides all staff, treasury management and investment analysis, facilities and administrative services to conduct the Agency's daily operations.

The Agency is a component financial reporting unit of the City of Long Beach, California (City). In accordance with the Governmental Accounting Standards Board Statement No. 14, the Agency's financial activities are included in the City's Comprehensive Annual Financial Report as a blended component unit.

The accompanying basic financial statements include the activities of the Agency as well as the discrete presentation of the City's Housing Development Fund's 20% property tax increment set-aside for low-and moderate-income housing.

Discretely Presented Component Unit

The activities of the 20% property tax increment set-aside for low-and moderate-income housing are accounted for separately by the City of Long Beach and are presented in the Agency's financial statements in accordance with the requirements established by the Health and Safety Code Section 33080.1 as a discretely presented component unit.

Governmental Funds

The accounts of the Agency are organized and operated on the basis of separate funds, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Capital Projects Funds – to account for financial resources to be used for land, acquisition, relocation, demolition, public improvements, and sale of properties within the redevelopment project areas in accordance with the California Redevelopment Law.

Debt Service Funds – to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and other related costs.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Notes to Basic Financial Statements**  
**September 30, 2003**

Component Unit

Housing Fund - to account primarily for the 20% tax increment housing set-aside revenue, used to provide housing for low-and moderate-income households, as required under California Redevelopment Law, Section 33334.3

New Accounting Standards

The City of Long Beach has previously implemented Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as well as GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* effective October 1, 2001. As a consequence of such implementation, all component financial reporting units, including the Agency, were also required to implement such accounting pronouncements.

Basis of Accounting and Measurement Focus and Financial Statement Presentation

The government-wide financial statements, (i.e., the statement of net assets (deficits) and the statement of activities,) are reported using the accrual basis of accounting and economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

In the government-wide financial statements, the amounts paid to acquire capital assets are capitalized as assets, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liabilities, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reductions of the related liability, rather than as expenditures.

The governmental fund financial statements are reported using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting, other than debt service expenditures, the matured principal and accrued interest on long term debt, which are recorded when payment is due.

Generally, only current assets and current liabilities are included on the governmental fund balance sheets. However, non-current portions of long-term receivables related to governmental funds are also reported on the balance sheets and are offset by deferred revenue or fund balance reserve accounts. Statements of revenues, expenditures, and changes in fund balances (deficits) for governmental funds generally present increases

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(revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Pooled Cash, Cash Equivalents and Investments

In order to maximize investment return, the Agency pools its available cash with that of the City for investment purposes except for the funds held by the outside fiscal agents under the provisions of bond indentures. The cash management pool is used essentially as a demand deposit account by various funds; accordingly, the City has defined Cash and Cash Equivalents as demand deposits plus all investments maintained in the cash management pool, regardless of maturity period. Investment decisions are made by the City Treasurer and approved by a general investment committee. Interest is allocated to the Agency based on its relationship of the daily cash balances to the total pooled cash and investments. Pooled cash and investments are stated at fair value at September 30, 2003.

Long-Term Receivables

In the government-wide financial statements, the Agency's loans or long-term receivables are reported net of an allowance for uncollectible accounts. In the fund financial statements, these loans are shown in the balance sheet with an offset to a deferred revenue account or a reservation of fund balance. In the fund financial statements, loans are not available spendable resources and have been recorded as expenditures when the loan was disbursed. Repayments of principal and interest were recorded as revenues in the period received.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities in the statement of net assets (deficit). Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium, discount or deferred amount on refunding. Amortization of bond premiums or discounts and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of the debt is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Bond issuance costs are reported as debt service expenditures, whether or not withheld from the actual bond proceeds.

Land Held for Resale

To aid in the elimination of blighted areas within the project areas, the Agency acquires selected parcels of land and makes such sites suitable for sale to recognized developers. The purchase price of the land acquired is capitalized as "Land Held for Resale" and the fund balance is reserved for the investment in the land.

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Purchased land is recorded at the lower of cost or market value (when a definite market value can be determined) excluding demolition and relocation costs, which are considered by the Agency to be expenditures in the year incurred.

Capital Assets

The Agency has adopted the City's policy regarding recordation of capital assets, which is defined as assets with initial individual costs of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs.

Capital assets are depreciated on a straight-line basis, over the estimated useful lives of the assets as follows:

Land Improvements	15-35 years
Buildings	20-50 years
Machinery and Equipment	5-20 years
Office Furniture, Fixtures and Equipment	3-20 years

Property Tax Increment Revenues

Property tax increment represents the property taxes paid on the increase in assessed property values that result from redevelopment. Tax increment revenue, up to the amount necessary to make Agency debt payments reverts to the Agency for the life of the redevelopment project area or until the time limit for repayment of indebtedness established by State law.

Property taxes are levied on March 1, and are due in installments on November 1 and February 1. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is March 1. The Agency recognizes property tax revenue based upon distributions from the County of Los Angeles, which generally occur shortly after the aforementioned delinquency dates.

Budgetary Principles

The Agency is required to adopt an annual budget on or before September 30 for the ensuing fiscal year for all funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the funds. During the fiscal year, the Board may amend its adopted budget by motion and subsequent approval by the City Council. The Agency's executive director may transfer appropriations from one program, activity, or object to another within the same fund type. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Budget information is presented on a non-GAAP budgetary basis, for the Capital Project and Debt Service Funds as well as the discretely presented component unit, wherein appropriations represent budgeted amounts to be expended or encumbered during the period as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, pages 19 – 21.

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Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year, which were contingent upon new, or additional revenue sources. Total expenditures of each governmental fund may not legally exceed fund appropriations.

Accounting for Encumbrances

The Agency utilizes an encumbrance system of accounting wherein encumbrances outstanding at year end are not reported as expenditures, but are reported as a reservation of fund balance available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The Agency records an encumbrance as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received as required by generally accepted accounting principles.

Personnel

The Agency is supported by employees of the City and all employee-related costs are accounted for in the City's financial systems.

**Note 2 - Cash and Investments**

As a component financial reporting unit of the City, the Agency is authorized to participate in investments in obligations issued or guaranteed by the Federal Government, its agencies and instrumentalities, as well as in commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, bank certificates of deposit, the State Treasurer's Local Agency Investment Fund, and shares of beneficial interest (mutual funds) issued by diversified management companies in accordance with the City's general investment policy.

Cash and Investments

The Agency's cash and investments are maintained by the City Treasurer and are pooled with other City funds and individual investments. Cash and investments held within this pool are not specifically identified among the participating entities. Interest income earned on pooled cash and investments is allocated monthly to the various participating entities based on their average daily cash balances. The City's bank deposits are either covered by appropriate Federal insurance, or are collateralized in accordance with the California Government Code. Pooled cash and investment detail is included in the City's Comprehensive Annual Financial Report.



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Cash with Fiscal Agents

The Agency's funds are also held by independent fiscal agents. These funds are pledged to the payment of outstanding bonds and project costs eligible under the bond indenture for each project area related to the Tax Allocation Bonds 2002 Series A and B issuance. These funds are reserved in the Debt Service fund amounting to \$54,817,000. Monies held by fiscal agents, unless otherwise required by statute, may be invested in accordance with the underlying bond indentures specifying the types of investments the Agency's fiscal agents may make. These underlying indentures are generally more restrictive than the City's general investment policy. Additional types of investments, not permitted by the City's general investment policy, are not authorized.

Reverse Repurchase Agreements and Securities-Lending

There were no transactions involving reverse repurchase agreements, nor did the Agency engage in securities-lending activities during the fiscal year ended September 30, 2003.

**Note 3 - Reconciliation of Government-wide and Fund Financial Statements**

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Governmental-wide Statement of Net Assets (Deficit)

The governmental fund balance sheet includes reconciliation between fund balance (deficit) – total governmental funds and net assets (deficit) – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds." The details of this \$186,589,000 difference are as follows (in thousands):

Bonds Payable	\$ 179,975
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(4,074)
Plus: Issuance premium (to be amortized as a reduction of interest expense)	5,527
Notes payable	2,045
Accrued interest payable	<u>3,116</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets - governmental activities	<u>\$ 186,589</u>

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Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance (deficit) includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The details of this \$13,804,000 difference is as follows (in thousands):

Capital Outlay	\$ 13,805
Depreciation expense	<u>(1)</u>
Net adjustment to increase net changes in fund	
Balances-total governmental funds to arrive at changes	
in net assets of governmental activities	<u>\$ 13,804</u>

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Another element of that reconciliation states “the issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$7,942,000 difference are as follows (in thousands):

<u>Debt issued or incurred</u>	
Issuance of tax allocation bonds	\$ 47,780
Plus premium and less issuance costs	2,885
Issuance of notes, certificates of participation	
commercial paper, and other long-term obligations	159
<u>Principal payments</u>	
Tax Allocation Bonds obligation debt	(3,570)
Notes Payable	(1,017)
Payment to escrow agent for refunding	<u>(38,295)</u>
Net adjustment to decrease net changes in fund	
balances-total governmental funds to arrive at	
changes in net assets of governmental activities	<u>\$ 7,942</u>

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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of such \$406,000 difference are as follows (in thousands):

Accrued interest	\$ (332)
Amortization of premium	(254)
Amortization of issuance cost	<u>180</u>
Net adjustment	<u>\$ (406)</u>

**Note 4 - Receivables**

All receivables are expected to be collected within one year. There are no allowances for uncollectable accounts.

Receivables at September 30, 2003 are as follows (in thousands):

	<u>Primary Government</u>	<u>Component Unit</u>
Interest	\$ 302	\$ 2
Accounts and loans receivable	481	45
Total	<u>\$ 783</u>	<u>\$ 47</u>

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**Note 5 - Capital Assets**

Disbursements to purchase the fixed assets, other than land held for resale, are recorded as expenditures. Such assets are recorded at historical cost.

Capital asset activity for the year ended September 30, 2003 is as follows (in thousands):

<u>Redevelopment Agency</u> <u>Governmental Activities:</u>	<u>Balance at</u> <u>October 1, 2002</u>	<u>Change</u>	<u>Balance at</u> <u>September 30, 2003</u>
Capital assets, not being depreciated:			
Land	\$ 13,801	\$ -	\$ 13,801
Total capital assets not being depreciated	<u>13,801</u>	<u>-</u>	<u>13,801</u>
Capital assets, being depreciated:			
Machinery and equipment	20	-	20
Less accumulated depreciation for:			
Machinery and equipment	<u>(16)</u>	<u>(1)</u>	<u>(17)</u>
	<u>(16)</u>	<u>(1)</u>	<u>(17)</u>
Total capital assets being depreciated, net	<u>4</u>	<u>(1)</u>	<u>3</u>
Redevelopment Agency capital assets, net	<u>\$ 13,805</u>	<u>\$ (1)</u>	<u>\$ 13,804</u>

Depreciation was charged to functions/programs of governmental activities as follows (in thousands):

Community and cultural/housing	
Community development	<u>\$ (1)</u>

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Discretely Presented Component Unit

<u>Governmental Activities:</u>	<u>Balance at October 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at September 30, 2003</u>
Capital assets, not being depreciated:				
Land	\$ 1,478	\$ -	(570)	\$ 908
Total capital assets not being depreciated	<u>1,478</u>	<u>-</u>	<u>(570)</u>	<u>908</u>
Capital assets, being depreciated:				
Building	236	-	-	236
Improvements other than buildings	<u>1,087</u>	<u>-</u>	<u>-</u>	<u>1,087</u>
Total capital assets being depreciated	<u>1,323</u>	<u>-</u>	<u>-</u>	<u>1,323</u>
Less accumulated depreciation for:				
Building	(35)	(12)	-	(47)
Improvements other than buildings	<u>(140)</u>	<u>(46)</u>	<u>-</u>	<u>(186)</u>
Total capital assets being depreciated	<u>(175)</u>	<u>(58)</u>	<u>-</u>	<u>(233)</u>
Total capital assets being depreciated, net	<u>1,148</u>	<u>(58)</u>	<u>-</u>	<u>1,090</u>
Component Unit, Governmental activities capital assets, net	<u>\$ 2,626</u>	<u>\$ (58)</u>	<u>\$ (570)</u>	<u>\$ 1,998</u>

Depreciation was charged to functions/programs of governmental activities as follows (in thousands):

Community and cultural/housing	
Community and development	<u>\$ (58)</u>

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**Note 6 - Due to and Advances from/to the City of Long Beach**

The composition of receivables and payables to the City as of September 30, 2003 is as follows (in thousands):

<u>Redevelopment Agency</u>	
<u>Due to the City of Long Beach</u>	
General Fund	\$ 2,000
Internal Service Fund	12
Component Unit	400
Total due to the City of Long Beach	<u>2,412</u>
<u>Due from the City of Long Beach</u>	
Internal Service Fund	<u>7</u>
Total due to the City of Long Beach	<u>\$ 2,405</u>
<u>Advances from the City of Long Beach</u>	
General Fund	\$ 95,035
Housing Development Fund	3,335
General Capital Projects	1,858
Component Unit	18,482
Harbor Fund	27,435
Total advances from the City of Long Beach	<u>146,145</u>
<u>Advances to the City of Long Beach</u>	
Aquarium of the Pacific	
Funds transfer	4,675
Accrued interest	66
Total advance to the City	<u>4,741</u>
Total advances from the City of Long Beach	<u>\$ 141,404</u>
Allocated as follows:	
Due to City of Long Beach	\$ 122,922
Due to Component Unit	<u>18,482</u>
Total	<u>\$ 141,404</u>
<u>Discretely Presented Component Unit</u>	
Due from:	
Redevelopment Agency	\$ 400
City of Long Beach	30
	<u>430</u>
Advances to:	
Primary Government	<u>\$ 18,482</u>

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Due to the City of Long Beach

At year end, the Agency owed the City's General Fund \$2,000,000 for an interim loan to fund estimated Redevelopment Agency operating costs. These monies due will be paid in the next fiscal year as tax increment revenues are received.

Employee Benefit overhead costs of \$12,000, such as funding for health benefits and paid time of, relating to the wages and salaries accrued at September 30, 2003 are payable to the City's Employee Benefits Internal Service Fund at September 30, 2003.

In 2003, the Agency purchased some parcels of land from the Housing Development Fund for \$400,000 through a promissory note dated March 6, 2003 which is payable on the first anniversary of the note.

In 1992, the Agency entered into an agreement with the Long Beach Harbor Department (Port) for construction costs related to improvements in the North Harbor District, which is also located in the Agency's West Long Beach Industrial Project Area. Under this agreement, costs related to the improvement will be reimbursed by the Agency up to \$30,000,000, subject to a maximum annual reimbursement by the Agency of \$2,500,000.

In October 1997, the agreement was amended to defer the payment to October 1, 1998 at the maximum annual amount of \$2,500,000. In November 1998, the agreement was further amended to allow quarterly payments in the amount of \$450,000 for a maximum annual amount of \$1,800,000 for the fiscal year ending September 30, 1999. Further amendments required quarterly payments of \$625,000 until April 1, 2006. However, during the fiscal year ending September 30, 2000, only \$1,250,000 was paid to the Port. In April 2001, the agreement was again amended, and this required the Agency to pay the Port the total available funds generated in the previous year or a specified minimum payment for each fiscal year. Available funds means the total revenues received by the Agency on behalf of the West Long Beach Industrial Project Area minus permitted expenditures. The minimum amount paid during the fiscal year ended September 30, 2001 was \$500,000 and \$1,083,000 was paid in fiscal year ending September 30, 2002. Pursuant to the Acknowledgement of Payment in Full Reimbursement Obligation and Disposition of funds regarding the Amended and Restated Cooperation Agreement signed on November 21, 2002, the Agency fully paid the debt from bond proceeds at a discounted present value amount of \$12,164,000 or a discount of \$1,733,000.

Advances from/to the City of Long Beach

Advances from the City have been recorded in the fund financial statements, which will be repaid usually with interest over an extended period of time.

From 1974 to 2003, the City provided the Agency with certain Federal grant monies for use on redevelopment projects. The Agency makes discretionary payments to the City annually, which in fiscal year 2003 amounted to \$1,618,000. At September 30, 2003, the outstanding balances of these transfers amounted to \$95,035,000, \$4,155,000 and \$1,858,000 in the City's General Fund, Housing Development Special Revenue Fund, and

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General Capital Projects Fund, respectively, for land acquisition, project and administration costs. It is the intent of the Agency to repay these transfers as future property tax increment revenues permit. Due to the long-term nature of the repayment, the City has reserved these interfund receivables in the General Fund and established deferred revenue in the Housing Development Special Revenue Fund and General Capital Projects Fund.

Effective in fiscal year 1996, the Agency was allowed to defer a portion or 100% of the housing set-aside based on the financial obligations existing prior to January 1986. The deferred payments are considered "Advances from the Housing Development Fund" and constitute a debt of the project area to the Housing Development Fund. The aggregate balance outstanding at September 30, 2003, was \$17,662,000 from the Downtown project. There was no deferral on the 20% housing set-aside for the Downtown Project Area for the fiscal year ending September 30, 2003.

The Advances from Housing Development Fund at September 30, 2003, is a component of the balance sheet caption, "Advances from the City of Long Beach" showing a total of \$146,145,000.

In December 1993, the City agreed to convey to the Agency real property for the Central Long Beach Project equal to the fair market value less any costs of demolition and remediation of the property or \$1,877,000. Pursuant to the loan agreement, the Agency started its first loan repayment of \$19,000 to the City in fiscal year 2003 equal to at least 1% of the net tax increment received by the Agency for the Central Long Beach Project Area. The funds paid to the City are required to be utilized for gang prevention and other youth-related activities. The balance of this advance at September 30, 2003 is \$1,858,000.

In 1990, the Agency received an advance from the Long Beach Harbor Department for the expansion of the Long Beach Convention and Entertainment Center. The resulting note was previously scheduled to be repaid commencing on October 1, 1997. In August 1995 the agreement was amended to defer payment until a certificate of occupancy was issued for the Aquarium of the Pacific Project, which was completed in fiscal year 1998. In 2002 a subsequent amendment deferred further the payments to be made in quarterly installments of \$441,000 over 16 years.

The Agency and the Port of Long Beach have further amended the agreement to defer the payments scheduled for fiscal year 2002. The note is payable solely from transient occupancy taxes levied pursuant to the provisions of the California Revenue and Taxation Code in the Downtown Project Area. At September 30, 2003, the total aggregate balance outstanding was \$27,435,000. The repayment to the Port is subordinated to a pledge to fund payments of the Aquarium of the Pacific project bond issue in 2001, in the event that the Aquarium revenues do not cover debt service payments. The advance made to the City for the aquarium bond payment, including accumulated accrued interest of \$66,000, was \$4,741,000 as of September 30, 2003.



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**Note 7 - Long-Term Obligations**

Long-Term Debt activity for the year ended September 30, 2003, was as follows (in thousands):

	Balance at October 1, 2002	Additions	Reductions	Balance at September 30, 2003	Due within one year
Governmental Activities					
Bonds payable					
Tax allocation bonds	\$ 174,060	\$ 47,780	\$ (41,865)	\$ 179,975	\$ 4,682
Add (less) deferred amounts					
Premium	1,477	4,304	(254)	\$ 5,527	-
Issuance costs	(2,835)	(1,419)	180	\$ (4,074)	-
Total bonds payable	<u>\$ 172,702</u>	<u>\$ 50,665</u>	<u>\$ (41,939)</u>	<u>\$ 181,428</u>	<u>\$ 4,682</u>
Notes payable	2,861	201	(1,017)	2,045	19
Long-term liabilities	<u>\$ 175,563</u>	<u>\$ 50,866</u>	<u>\$ (42,956)</u>	<u>\$ 183,473</u>	<u>\$ 4,701</u>

**Component Unit**

There was no activity in the long-term liabilities of the Low-and Moderate-Income Housing Fund

	Balance at October 1, 2002	Additions	Reductions	Balance at September 30, 2003	Due within one year
Notes payable	<u>\$ 1,015</u>	<u></u>	<u></u>	<u>\$ 1,015</u>	<u>\$ -</u>

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**Note 8 - Bonds Payable**

At September 30, 2003, bonds payable consist of the following (in thousands):

	Date Issued	Final Maturity	Range of Semi- Annual Interest Rates	Authorized and Issued	Outstanding Balance September 30,2003
<u>Tax Allocation Bonds:</u>					
1992 Multiple Series:					
Downtown Project - Series A	12/01/92	11/01/22	2.9 - 6.00%	\$ 81,020	\$ 38,520
West Long Beach Beach Industrial Project	12/01/92	11/01/22	2.9 - 6.00%	36,470	17,345
2002 Multiple Series:					
2002A Poly High Project	06/25/02	08/01/12	4.809%	1,710	1,579
2002A West Beach Project	06/25/02	08/01/18	5.152%	8,895	8,564
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.25 - 5.00%	21,860	21,860
2002A Downtown Project	06/25/02	08/01/24	5.04 - 5.25%	26,820	26,207
2002B Downtown Project	12/05/02	11/01/22	2.25 - 5.50%	25,920	25,920
2002A North Long Beach Project	06/25/02	08/01/31	6.105%	40,290	39,980
Total Bonds Payable				<u>\$ 242,985</u>	<u>\$ 179,975</u>

In December 2002, the Agency issued \$47,780,000 in Long Beach Bond Finance Authority Tax Allocation Revenue Bonds 2002 Series B (Bonds). The 2002 Series B bond proceeds were used to advance and current refund certain Agency bonds to capture lower interest rates, eliminate restrictive bond covenants of certain existing bonds for the Downtown and West Long Beach Beach Industrial Development Project Areas, or restructure payment schedules. The bonds consist of two separate issues comprised of: (a) the \$21,860,000 aggregate principal amount of Redevelopment Agency of the City of Long Beach 2002B Subordinate Tax Allocation Bonds (West Long Beach Beach Industrial Redevelopment Project), (b) the \$25,920,000 aggregate principal amount of Redevelopment Agency of the City of Long Beach 2002B Tax Allocation Bonds (Downtown Redevelopment Project).

The proceeds of the two bond issues have been placed in escrow accounts overseen by independent bank fiscal agents, after retiring a portion of the long-term debt to the City of Long Beach, and refunding a portion of prior bond issues. Such proceeds have been generally invested in US Treasury securities. The interest earned thereon, together with tax increments collected from the respective areas are intended to provide amounts sufficient for future payment of interest, principal and redemption premium on the Bonds.

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Past Indebtedness

Various bonds were defeased by placing portion of the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for these defeased bonds are not reflected in the Agency's basic financial statements. The following bond issues are considered defeased as of September 30, 2003 (in thousands):

Tax Allocation Bonds

West Long Beach Industrial 1992 (partial)	\$ 12,625
Downtown 1992 Series A (partial)	<u>25,670</u>
Total	<u><u>\$ 38,295</u></u>

Annual Payments

Combined annual debt services payments to maturity for all bonds are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2004	4,682	10,017	14,699
2005	4,607	9,844	14,451
2006	4,820	9,609	14,429
2007	5,087	9,334	14,421
2008	5,426	9,037	14,463
2009 - 2013	32,056	40,003	72,059
2014 - 2018	41,626	29,487	71,113
2019 - 2023	50,290	16,593	66,883
2024 - 2028	23,337	5,118	28,455
2029 - 2032	8,044	1,002	9,046
Totals	<u><u>\$ 179,975</u></u>	<u><u>\$ 140,044</u></u>	<u><u>\$ 320,019</u></u>

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**Note 9 - Notes and Interest Payable**

At the beginning of the fiscal year, the Agency had an outstanding note payable of \$1,000,000 from L and M Andriole with an annual interest rate of 5.83% that was fully paid on October 21, 2002.

At September 30, 2003, the Agency had the following notes payable to land sellers, developers, and other governmental entities (in thousands):

	Date Issued	Final Maturity	Range of Interest Rates	Originally Issued	Outstanding at September 30, 2003	Due Within One Year
Redevelopment project funds						
Los Angeles County	1/21/1992	N/A	3.75%	\$ 1,300	\$ 1,300	\$ -
D. Mester	6/17/1998	6/17/2005	6.50%	104	104	
Community Bank	7/31/2001	9/1/2006	7.50%	673	641	19
Total Redevelopment Capital Projects Fund				<u>\$ 2,077</u>	<u>\$ 2,045</u>	<u>\$ 19</u>
<u>Discretely Presented Component unit</u>						
State of California	1/23/1992	1/23/2022	3.00%	<u>\$ 1,015</u>	<u>\$ 1,015</u>	

**Tax Increment Pass-Through Obligation**

The Agency has an agreement to pay Los Angeles County 49.44% of tax increment generated by the Los Altos and Central Long Beach Project Areas, payable commencing in 2020 at a simple interest rate of 3.75%. The tax increment due to the County at September 30, 2003, totaled \$1,300,000.

**West Long Beach Industrial Project Obligations**

In June 1998, the Agency executed a promissory note payable for \$104,000 for real property purchased in the West Long Beach Industrial Project. Full Payment for the 6.5% note is due on June 17, 2005, or when tax allocation bonds are issued for the West Long Beach Industrial project, whichever occurs first. At September 30, 2003, the entire amount of \$104,000 was still outstanding.

**Central Long Beach Project Obligation**

In July 2002, the Agency executed a promissory note payable for \$673,000 for real property purchased for the Central Long Beach Project. The monthly payment of \$5,500 on the 7.5% note is based on a twenty-year amortization. A payment of approximately \$595,000 is due at the maturity date of September 2006. The balance outstanding at September 30, 2003, was \$641,000.

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Combined annual debt service payments to maturity for all notes are as follows (in thousands):

Redevelopment Agency			
Fiscal Year	Principal	Interest	Total Debt Service
2004	\$ 19	\$ 55	\$ 74
2005	124	51	175
2006	602	45	647
2036	1,300	1,379	2,679
Totals	<u>\$ 2,045</u>	<u>\$ 1,530</u>	<u>\$ 3,575</u>

Discretely Presented Component Unit			
Fiscal Year	Principal	Interest	Total Debt Service
2004	\$ -	\$ 30	\$ 30
2005	-	30	30
2006	-	30	30
2007	-	30	30
2008	-	30	30
2009-2013	-	150	150
2014-2018	-	150	150
2019-2022	1,015	465	1,480
Totals	<u>\$ 1,015</u>	<u>\$ 915</u>	<u>\$ 1,930</u>

**Note 10 - Other Assets**

Other assets depicted in the Capital Projects Fund include the following at September 30, 2003 (in thousands):

Prepaid rent for the IDM structure	\$ 1,870
Deposits with Superior Court	865
Prepaid expense	6
Other	3
Total Other Assets	<u>\$ 2,744</u>

Other assets of \$1,000 depicted in the Component Unit represents loan repayments that are to be remitted by the collection agency .

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**Note 11 - Low-and Moderate-Income Housing Set-aside**

Community Redevelopment Law requires redevelopment agencies to set-aside 20% of their property tax increment to increase or improve the supply of low-and moderate-income housing in the community. Agencies must deposit the housing set-aside funds in a low-and moderate-income housing fund. The Redevelopment Agency of the City of Long Beach deposits its housing set-aside with the City of Long Beach.

Effective January 1, 1986, the laws governing redevelopment were amended to include project areas created prior to 1977 into the low-and moderate-income housing set-aside program. However, the law allows pre-1977 projects to set aside less than 20% of tax increment revenue if the project area's obligations from programs, projects and financial obligations existing prior to January 1, 1986 exceeded the tax increment revenue available. Moreover, effective in fiscal year 1996, the Agency could only defer a portion or 100% of the housing set-aside based on financial obligations existing prior to January 1, 1986. Beginning January 1, 1986 the portion of the set-aside not paid became indebtedness of the project area.

In fiscal year 1986, all projects except West Beach qualified for reduced set-aside payments. In fiscal year 1988, only the Downtown Project qualified for a reduced payment but elected to recognized the amount as deferred rather than exempt. The Downtown Project qualified for and deferred a portion or all of the set-aside amount in fiscal years 1989 through 2002. Amendments in 1989 to the State Health and Safety Code Section 33334.6 (g) required redevelopment agencies to treat shortfalls in fiscal years 1986 and 1987 as deficits in the low-and moderate-income housing fund. As a result, in fiscal year 1995 the Agency recorded an additional \$1,821,000 as a liability in the City's Housing Development Fund; this amount is equal to the fiscal years 1986 and 1987 Downtown Project set-aside.

The deferred debt was previously accounted for as a current liability since it was payable from any excess funds that might have become available. However, it has been determined that projections of tax increment revenues in the immediate future made it unlikely that payments would begin soon. As a result, the Agency has determined it necessary to account for the deferred set-aside as a long-term liability beginning in fiscal year 1996. With the implementation of GASB Statement No. 34, the deferred set-aside of \$17,662,000 for the Downtown Project Area has been reclassified from the General Long-Term Debt Account Group to Advances from the City of Long Beach (see note 6). The Agency has adopted a "Downtown Project Area Housing Fund Deficit Reduction Plan" Resolution RA 21-95, which calls for an analysis of available tax increment and existing obligations beginning in 2010, and every two years thereafter, until reduction of the deferred debt is found feasible, and commences.

As of October 1, 2002, only the Downtown Project Area had debt obligations to the Housing Development Fund. During fiscal year 2003, all seven Redevelopment Project Areas paid a full 20% of their increment to the Housing Development Fund and no project area deferred a set-aside payment.

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The Agency deposits set-aside funds into the discretely presented City's low-and moderate-income-housing fund (Housing Development Fund). The table below shows the amount deferred from prior years, the current year's 20% set-aside, the current fiscal year's payment, and the total amount not yet paid to the City's Housing Development Fund at September 30, 2003, for each project area (in thousands):

Project Area	Advances from Housing Development Fund October 1, 2002	Current Year 20% Set Aside	Current Year Payment to Housing Development Fund	Advances from Housing Development Fund September 30, 2003
Downtown	\$ 17,662	\$ 1,720	\$ (1,720)	\$ 17,662
West Beach	-	263	(263)	-
West Long Beach Industrial	-	1,479	(1,479)	-
Poly High	-	106	(106)	-
Los Altos	-	80	(80)	-
Central Long Beach	-	481	(481)	-
North Long Beach	-	2,658	(2,658)	-
Total	<u>\$ 17,662</u>	<u>\$ 6,787</u>	<u>\$ (6,787)</u>	<u>\$ 17,662</u>

**Note 12 - Transfers from/to the City of Long Beach**

The City transferred \$3,743,000 to the Agency for project development in the Central Long Beach Project Area.

Details of funds transferred to the Agency for the fiscal year ended September 30, 2003 were as follows (in thousands):

From	Amount
Component Unit	\$ 2,682
City-other funds	1,061
Total transfers to the Agency	<u>\$ 3,743</u>

Payments were made to the City for the support and administration of the business loan program and to supplement the debt service of the bonds issued for the construction of an energy plant at the Convention Center.

The Agency also transferred \$2,753,000 from transient occupancy taxes (TOT) generated by Agency sponsored hotels. In prior years, the TOT revenues were paid to the Port of Long Beach as stated in Note 6. However, in fiscal years 2002 and 2003, the Port of Long Beach agreed that the TOT revenues be used to defray a portion of the bond payment for the Aquarium of the Pacific.

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Any redevelopment project area adopted after 1994 is required to share 20% of its tax increment with the taxing agencies affected by the adoption of the project area including city governments. In addition, Central Long Beach and North Long Beach Project Areas paid \$114,380 and \$732,299 respectively to the City of Long Beach for the required statutory pass through for fiscal year 2003 under AB1290.

Details of funds transferred to the City for the fiscal year ended September 30, 2003 were as follows (in thousands):

<u>City Fund</u>	<u>Amount</u>
Business Assistance Program	\$ 2,021
Tidelands Operating Fund	520
Aquarium of the Pacific	2,753
Total transfers to the City	<u>\$ 5,294</u>

**Note 13 - Land Held for Resale**

The Agency owns various parcels of land located within its various project areas. These properties have been recorded at the lower of cost or market value (when a definite market value can be determined), excluding demolition and relocation costs. Due to the potential long-term nature of these assets, the Agency has reserved fund balance for land held for resale. At September 30, 2003, the Agency had the following amount of land held for resale in each project area (in thousands):

<u>Project</u>	<u>Value at Lower of Cost or Market Value</u>
Downtown	\$ 26,677
West Long Beach Industrial	3,518
Central Long Beach	7,637
North Long Beach	1,493
Total	<u>\$ 39,325</u>

**Note 14 - Eliminations and Reclassifications of Interproject Loans**

In prior years, interfund and intrafund loans between project areas were recorded to allow one project area to invest excess cash in another project area. This practice is no longer used by the Agency. Existing loans are repayable by the project area if and when sufficient revenues for repayment are available or as provided for under the applicable loan agreement. The principal amount of the loan accrues interest at the various interest rates specified in the corresponding loan agreements.



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The following schedule presents interproject loans outstanding as of September 30, 2003 (in thousands):

From Project	To				
	West Beach	Downtown	Los Altos	Central LB	Total
West Long Beach Industrial	\$ 296	\$ 14,253	\$ 9,291	\$ 2,111	\$ 25,951
Total	\$ 296	\$ 14,253	\$ 9,291	\$ 2,111	\$ 25,951

The composition of advances between redevelopment project areas is as follows: (in thousands)

	Original	Principal	Interest	Total
In July 1980 and September 1982, the West Long Beach Industrial and Downtown Project entered into a promissory note and temporary loan agreements for the West Long Beach Industrial Project to advance funds necessary to finance the Project costs in the Downtown Project. The initial interest rates on the advances were 8% and 12%. Effective July 1, 1988, the rates were revised to equal that which is earned by the City Treasurer on the City of Long Beach pooled cash. Repayment of the advances will be made as funds become available.	\$ 6,771	\$ 4,743	\$ 7,428	\$ 12,171
In April 1995, the West long Beach Industrial Project exchanged a certain property owned by the City of Long Beach in the Downtown Project. The purchase price of the West Long Beach Industrial project was agreed to be indebtedness of Downtown and West long Beach Industrial. The indebtedness accrued interest at a rate equal to that which accrued on the Tax Anticipation Notes of the City of Long Beach. Repayment of the indebtedness will be made solely from the proceeds of sale of property.	861	861	270	1,131
In June 1995, the West Long Beach Industrial and Los Altos Project entered into a promissory note and loan agreement for the West Long Beach Industrial to advance funds on an as needed basis to meet Los Altos acquisition and relocation expenses. The indebtedness accrued interest at a rate equal to that earned by the City Treasurer on the City of Long Beach pooled cash. The sales tax allocated to the Los Altos Project by the City of Long Beach and any surplus tax increment from the project are pledged to the West Long Beach Industrial loan repayment.	12,700	9,291	-	9,291
In July 1995 a promissory note and loan agreement was entered into by the West Long Beach Industrial project Area and Poly High, West Beach, Downtown, and Central Long Beach projects for the West Long Beach Project Area to advance for contributions to the development of the Long Beach Unified School District Transportation Facility. The indebtedness accrued interest at a rate equal to that which accrues on the Tax Anticipation Notes of the City of Long Beach. Repayment of the indebtedness will be made as future tax increments become available. However, in June 2002, the advance to Poly High Project Area was repaid from tax allocation bond proceeds.	2,571	2,571	787	3,358
Totals	\$ 22,903	\$ 17,466	\$ 8,485	\$ 25,951

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**Note 15 - Long-Term Receivables, Reserved Fund Balance and Deferred Revenue**

Long-term receivables are offset by either reserved fund balance-other or deferred revenue in the accompanying fund financial statements. The table below presents the detail components of the Agency's long-term receivables and corresponding offset accounts at September 30, 2003 (in thousands):

**Governmental Funds:**

Description	Governmental Funds			Component Unit
	Long-Term Receivables	Reserved Fund Balance- Other	Deferred Revenue	Low-and Moderate- Income Housing
<b>Loans receivable:</b>				
UCC Inc.	\$ 8	\$ -	\$ 8	\$ -
Blk M	35	35	-	-
Altamirco	13	13	-	-
Public Corp. for the Arts	48	-	48	-
Delinquent Tax Los Angeles County	24	24	-	-
A & E Amador	197	197	-	-
M. Rathgeber - Artist	5	-	5	-
Team Lofts, LLC	668	668	-	-
Christian Outreach	20	-	20	-
Low-and moderate-income housing loans	-	-	-	6,995
<b>Total Long-Term Receivables</b>	<b>\$ 1,018</b>	<b>937</b>	<b>81</b>	<b>6,995</b>
<b>Additional components:</b>				
Encumbrances		300	-	-
Prepaid rent for the IDM structure, non-current		1,835	-	-
Accounts receivable		-	24	-
Transfer of TOT funds for the Aquarium of the Pacific bond payment		-	4,741	-
Brownfields Clean-up revolving loan fund		-	22	-
Cash-Deposits from contractors/developers		-	246	-
Cash-Deposit for reconfiguration		-	-	94
<b>Total Reserved - Other</b>		<b>\$ 3,072</b>	<b>\$ 5,114</b>	<b>\$ 7,089</b>

**Note 16 - Other Reserved Fund Balances**

**Discretely Presented Component Unit**

At September 30, 2003, the reserved fund balance of \$27,000 has been accumulated for operating and maintenance reserves required under the Regulatory Agreement of the promissory note with the State for \$1,015,000.

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**Note 17 - Reconciliation of Actual Revenues and Expenditures to the Non-GAAP Budgetary Basis**

The following reconciles actual revenues and expenditures for Agency funds to the non-GAAP budgetary basis by fund type for the fiscal year ended September 30, 2003 (in thousands):

	Capital Project Funds	Debt Service Funds	Total
Beginning fund balance at October 1, 2002, on an actual GAAP basis	\$ (99,549)	\$ 73,719	\$ (25,830)
Encumbrances outstanding at October 1, 2002	(46)	-	(46)
Cumulative effect of capitalization of land held for resale at October 1, 2002	(40,179)	-	(40,179)
Beginning fund balance at October 1, 2002, on a budgetary basis	(139,774)	73,719	(66,055)
Actual GAAP basis revenue	1,972	32,488	34,460
Adjustment to GAAP basis revenues:			
Proceeds from the sale of land for resale	3,991	-	3,991
Revenues on a budgetary basis	5,963	32,488	38,451
Actual GAAP basis expenditures	15,945	22,250	38,195
Adjustments to GAAP basis expenditures:			
Encumbrances outstanding at October 1, 2002	(46)	-	(46)
Encumbrances outstanding at September 30, 2003	300	-	300
Current effect of capitalization of land held for resale	6,271	-	6,271
Loss on sale of land held for resale	(3,134)	-	(3,134)
Expenditures on a budgetary basis	19,336	22,250	41,586
Excess of revenues over (under) expenditures on a budgetary basis	(13,373)	10,238	(3,135)
Other financing sources (uses), on an actual GAAP basis	23,413	(13,352)	10,061
Adjustment to record advances from the City of Long Beach	2,567	-	2,567
Other financing sources (uses) on a budgetary basis	25,980	(13,352)	12,628
Excess of revenues and other sources over expenditures and other uses, on a budgetary basis	12,607	(3,114)	9,493
Ending fund balance at September 30, 2003, on a budgetary basis	<u>\$ (127,167)</u>	<u>\$ 70,605</u>	<u>\$ (56,562)</u>

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Discretely Presented Component Unit

Beginning fund balance at October 1, 2002, on an actual GAAP basis	\$ 28,076
Adjustment to record advances from the City of Long Beach	(21)
Encumbrances outstanding at October 1, 2002	(42)
Cumulative effect of capitalization of land held for resale at October 1, 2002	<u>(750)</u>
Beginning fund balance at October 1, 2002, on a budgetary basis	<u>27,263</u>
Actual GAAP basis revenue	<u>8,807</u>
Adjustment to GAAP basis revenues:	
Revenues on a budgetary basis	<u>8,807</u>
Actual GAAP basis expenditures	<u>3,598</u>
Adjustments to GAAP basis expenditures:	
Encumbrances outstanding at October 1, 2002	(42)
Encumbrances outstanding at September 30, 2003	99
Current effect of capitalization of land held for resale	
Loss on sale of land held for resale	
Adjustment to record advances from the City of Long Beach	
Expenditures on a budgetary basis	<u>3,655</u>
Excess of revenues over (under) expenditures on a budgetary basis	<u>5,152</u>
Other financing sources (uses), on an actual GAAP basis	(2,256)
Adjustment to GAAP basis other financing sources (uses):	
Adjustment to record advances from the City of Long Beach	(26)
Other financing sources (uses) on a budgetary basis	<u>(2,282)</u>
Excess of revenues and other sources over expenditures and other uses, on a budgetary basis	<u>2,870</u>
Ending fund balance at September 30, 2003, on a budgetary basis	<u><u>\$ 30,133</u></u>

**Note 18 - Commitments and Contingencies**

Litigation

The Agency is subject to claims and lawsuits arising from the normal course of business. Such claims are routinely evaluated by representatives of the City Attorney's Office. In the event of litigation, the Agency's management may make provision for probable losses if deemed appropriate on advice of legal counsel. In cases where such provision for damages would be considered necessary, appropriate amounts would be reflected in the accompanying combined financial statements. Based upon information obtained from the City Attorney with respect to the Agency, it is the opinion of the Agency's

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management that there are no existing or potential liabilities for claims and suits, which could have a material impact on the Agency's basic financial statements.

**Note 19 - Future ERAF Payments**

The Agency will be required to make an additional ERAF payment of \$1,349,000 in the next fiscal year in addition to the ERAF payment in May, 2003 of \$853,000. This is pursuant to the State requiring redevelopment agencies to shift, in aggregate, \$75 million in property tax revenues to the ERAF for K-12 schools and community colleges during the fiscal year 2003.

## **Supplementary Financial Information**

**Intentionally Left Blank**

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**Combining Balance Sheet - Governmental Funds**  
**Capital Project Funds by Project Area**  
**September 30, 2003**  
**(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 5,855	\$ 194	\$ 3,876
Non-pooled cash and cash equivalents	1,270	-	-
Accounts receivable	7	-	-
Due from the City of Long Beach	7	-	-
Land held for resale	26,677	-	3,518
Other assets	1,870	-	3
Long-term receivables	120	-	199
Interproject loan and interest receivable	-	-	25,951
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 35,806</u>	<u>\$ 194</u>	<u>\$ 33,547</u>
<b>LIABILITIES</b>			
Voucher payables	\$ 52	\$ -	\$ 9
Accounts payable	61	-	-
Accrued wages payable	12	1	3
Accrued interest payable-Other long-term debts	34,098	-	-
Collections held in trust	522	-	150
Deferred revenues	294	-	8
Due to other funds-Current	3	192	1,500
Due to other funds-Long term	17,662	-	-
Advances from the City of Long Beach	46,057	-	-
Interproject loan and interest payable	14,253	296	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>113,014</u>	<u>489</u>	<u>1,670</u>
<b>FUND BALANCE (ACCUMULATED DEFICIT)</b>			
Reserved:			
Land held for resale	26,677	-	3,518
Future projects	6,267	1	2,201
Interproject Loans	(14,253)	(296)	25,951
Long-term advances	(97,816)	-	-
Encumbrances	10	-	10
Other	1,907	-	197
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCE			
(ACCUMULATED DEFICIT)	<u>(77,208)</u>	<u>(295)</u>	<u>31,877</u>
TOTAL LIABILITIES AND FUND BALANCE			
(ACCUMULATED DEFICIT)	<u>\$ 35,806</u>	<u>\$ 194</u>	<u>\$ 33,547</u>

See accompanying independent auditors' report



Poly High Project Area	Project Income Fund	Los Altos Project Area	Central Long Beach Project Area	North Long Beach Project Area	Total
\$ 270	\$ 1,442	\$ 68	\$ 2,902	\$ 2,438	\$ 17,045
-	-	-	-	-	1,270
-	1	-	-	-	8
-	-	-	-	-	7
-	-	-	7,637	1,493	39,325
-	-	-	865	6	2,744
-	5	-	694	-	1,018
-	-	-	-	-	25,951
<u>\$ 270</u>	<u>\$ 1,448</u>	<u>\$ 68</u>	<u>\$ 12,098</u>	<u>\$ 3,937</u>	<u>\$ 87,368</u>
\$ -	\$ -	\$ -	\$ 48	\$ 142	\$ 251
-	-	-	337	925	1,323
2	-	1	7	16	42
-	-	-	61	-	34,159
-	1	-	303	4	980
-	7	-	42	22	373
-	-	66	646	5	2,412
-	27,435	-	6,013	-	51,110
3,141	-	-	11,678	-	60,876
-	-	9,291	2,111	-	25,951
<u>3,143</u>	<u>27,443</u>	<u>9,358</u>	<u>21,246</u>	<u>1,114</u>	<u>177,477</u>
-	-	-	7,637	1,493	39,325
268	1,440	1	2,393	1,068	13,639
-	-	(9,291)	(2,111)	-	-
(3,141)	(27,435)	-	(17,753)	-	(146,145)
-	-	-	18	262	300
-	-	-	668	-	2,772
<u>(2,873)</u>	<u>(25,995)</u>	<u>(9,290)</u>	<u>(9,148)</u>	<u>2,823</u>	<u>(90,109)</u>
<u>\$ 270</u>	<u>\$ 1,448</u>	<u>\$ 68</u>	<u>\$ 12,098</u>	<u>\$ 3,937</u>	<u>\$ 87,368</u>

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**Combining Balance Sheet - Governmental Funds**  
**Debt Service Funds by Project Area**  
**September 30, 2003**  
**(In Thousands)**

	Downtown Project Area	West Beach Project Area	West Long Beach Industrial Project Area
<b>ASSETS</b>			
Cash and investments	\$ 3,718	\$ 818	\$ 5,272
Cash with fiscal agents	12,168	694	3,419
Accounts receivable	5	-	3
Interest receivable on investments	195	-	87
Due from the City of Long Beach	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 16,086</u>	 <u>\$ 1,512</u>	 <u>\$ 8,781</u>
<b>LIABILITIES</b>			
Vouchers payable	\$ 5	\$ -	-
Accounts payable	-	-	-
Deferred revenues	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>5</u>	 <u>-</u>	 <u>-</u>
<b>FUND BALANCE</b>			
Reserved:			
Future projects	1,938	-	-
Debt service	<u>14,143</u>	<u>1,512</u>	<u>8,781</u>
 TOTAL FUND BALANCE	 <u>16,081</u>	 <u>1,512</u>	 <u>8,781</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 16,086</u>	 <u>\$ 1,512</u>	 <u>\$ 8,781</u>

See accompanying independent auditors' report

Poly High Project Area	Project Income Fund	Los Altos Project	Central Long Beach Project	North Long Beach Project	Total
\$ 450	\$ -	\$ 21	\$ 24	\$ 6,176	\$ 16,479
133	-	-	-	37,133	53,547
-	240	-	-	225	473
-	-	-	-	20	302
-	4,741	-	-	-	4,741
<u>\$ 583</u>	<u>\$ 4,981</u>	<u>\$ 21</u>	<u>\$ 24</u>	<u>\$ 43,554</u>	<u>\$ 75,542</u>
\$ -	\$ -	\$ 15	\$ -	\$ -	\$ 20
-	-	-	-	176	176
-	4,741	-	-	-	4,741
-	4,741	15	-	176	4,937
-	-	-	-	33,164	35,102
583	240	6	24	10,214	35,503
583	240	6	24	43,378	70,605
<u>\$ 583</u>	<u>\$ 4,981</u>	<u>\$ 21</u>	<u>\$ 24</u>	<u>\$ 43,554</u>	<u>\$ 75,542</u>

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**Combining Balance Sheet - Governmental Funds**  
**Component Unit/Low-and Moderate-Income Housing by Project Area**  
**September 30, 2003**  
**(In Thousands)**

	<u>Downtown Project Area</u>	<u>West Beach Project Area</u>	<u>West Long Beach Industrial Project Area</u>
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ -	\$ -	\$ 3,163
Non-pooled cash and cash equivalents	-	-	1,481
Accounts and loans receivable	-	-	-
Interest receivable on investments	-	-	1
Due from the City of Long Beach	-	-	12
Due from the Redevelopment Agency	17,662	-	492
Land held for resale	-	-	-
Other assets	-	-	-
Long-term receivable	-	-	2,818
	<u>-</u>	<u>-</u>	<u>2,818</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,662</u>	<u>\$ -</u>	<u>\$ 7,967</u>
<b>LIABILITIES</b>			
Voucher payables	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-
Collections held in trust	-	-	-
Deferred revenues	-	-	2,582
	<u>-</u>	<u>-</u>	<u>2,582</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>2,582</u>
<b>FUND BALANCE</b>			
Reserved			
Land held for resale	-	-	-
Future projects	-	-	2,511
Long-term receivables	-	-	2,544
Long-term advances	17,662	-	330
Other	-	-	-
Encumbrances	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u>17,662</u>	<u>-</u>	<u>5,385</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 17,662</u>	<u>\$ -</u>	<u>\$ 7,967</u>

See accompanying independent auditors' report

<u>Poly High Project Area</u>	<u>Los Altos Project Area</u>	<u>Central Long Beach Project Area</u>	<u>North Long Beach Project Area</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 4,689	\$ 7,852
-	-	-	2,195	3,676
-	-	-	15	15
-	-	-	1	2
-	-	-	18	30
-	-	-	728	18,882
-	-	-	750	750
-	-	-	1	1
-	-	-	4,177	6,995
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,574</u>	<u>\$ 38,203</u>
\$ -	\$ -	\$ -	\$ 45	\$ 45
-	-	-	23	23
-	-	-	17	17
-	-	-	4,507	7,089
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,592</u>	<u>7,174</u>
-	-	-	750	750
-	-	-	2,165	4,676
-	-	-	4,451	6,995
-	-	-	490	18,482
-	-	-	27	27
-	-	-	99	99
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,982</u>	<u>31,029</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,574</u>	<u>\$ 38,203</u>

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Capital Project Funds by Project Area**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Downtown Project	West Beach Project	West Long Beach Industrial Project
<b>REVENUES</b>			
Interest income	\$ 128	\$ -	\$ 92
Rental income	1,102	-	-
Other income	36	-	-
<b>TOTAL REVENUES</b>	<u>1,266</u>	<u>-</u>	<u>92</u>
<b>EXPENDITURES</b>			
Administration costs	1,437	101	674
Professional services	41	-	19
Planning, survey and design	231	16	242
Acquisition expense	18	-	22
Operation of acquired property	259	-	23
Relocation costs	23	-	-
Relocation payments	25	-	-
Project improvement/construction costs	90	-	8
Disposal costs	17	-	29
Loss on disposition of land held for resale	2,213	-	921
Rehabilitation grants and loans	-	-	-
Furniture and equipment	6	-	-
Pass-through charges	-	-	-
Debt service payments:			
Interest	-	-	10
<b>TOTAL EXPENDITURES</b>	<u>4,360</u>	<u>117</u>	<u>1,948</u>
Excess of revenues over/(under) expenditures	<u>(3,094)</u>	<u>(117)</u>	<u>(1,856)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Other deferred payments	-	-	-
Advances-capitalized interest	(2,596)	(6)	650
Operating transfers in	3,333	118	12,945
Operating transfers from/(to) the other funds, net	(1,968)	-	(1,212)
Operating transfers to the City of Long Beach	(300)	-	(500)
Operating transfers from the City of Long Beach	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,531)</u>	<u>112</u>	<u>11,883</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,625)	(5)	10,027
Fund balance (accumulated deficit)-October 1	(72,583)	(290)	21,850
<b>FUND BALANCE (ACCUMULATED DEFICIT - SEPTEMBER 30)</b>	<u><u>\$ (77,208)</u></u>	<u><u>\$ (295)</u></u>	<u><u>\$ 31,877</u></u>

See accompanying independents auditors' report.

Poly High Project	Project Income Fund	Los Altos Project	Central Long Beach Project	North Long Beach Project	Total
\$ 8	\$ 30	\$ 1	\$ 61	\$ 133	\$ 453
-	44	-	218	27	1,391
-	-	-	91	1	128
<u>8</u>	<u>74</u>	<u>1</u>	<u>370</u>	<u>161</u>	<u>1,972</u>
46	8	60	446	1,215	3,987
-	-	-	77	10	147
5	-	11	225	642	1,372
-	-	-	1,241	12	1,293
-	-	-	181	1,340	1,803
-	-	-	135	3	161
-	-	-	241	-	266
-	-	-	495	2,164	2,757
-	-	-	-	-	46
-	-	-	-	-	3,134
-	-	-	20	732	752
-	-	-	-	-	6
-	-	159	-	-	159
1	-	1	31	19	62
<u>52</u>	<u>8</u>	<u>231</u>	<u>3,092</u>	<u>6,137</u>	<u>15,945</u>
<u>(44)</u>	<u>66</u>	<u>(230)</u>	<u>(2,722)</u>	<u>(5,976)</u>	<u>(13,973)</u>
-	-	159	-	-	159
-	-	(379)	(236)	-	(2,567)
93	-	862	1,319	5,429	24,099
-	(363)	-	3,543	-	-
-	-	-	(200)	(1,021)	(2,021)
-	-	-	3,743	-	3,743
<u>93</u>	<u>(363)</u>	<u>642</u>	<u>8,169</u>	<u>4,408</u>	<u>23,413</u>
49	(297)	412	5,447	(1,568)	9,440
(2,922)	(25,698)	(9,702)	(14,595)	4,391	(99,549)
<u>\$ (2,873)</u>	<u>\$ (25,995)</u>	<u>\$ (9,290)</u>	<u>\$ (9,148)</u>	<u>\$ 2,823</u>	<u>\$ (90,109)</u>

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Debt Service Funds by Project Area**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Downtown Project	West Beach Project	West Long Beach Industrial Project	Poly High Project
<b>REVENUES</b>				
Property tax increment	\$ 7,209	\$ 1,053	\$ 5,916	\$ 425
Transient occupancy tax	-	-	-	-
Interest revenue	654	39	345	18
Other income	-	-	-	-
<b>TOTAL REVENUES</b>	<b>7,863</b>	<b>1,092</b>	<b>6,261</b>	<b>443</b>
<b>EXPENDITURES</b>				
Administration costs	1,064	25	865	7
Housing set-aside	-	329	-	-
Other expenses (including pass through charges)	-	171	208	200
Debt service payments:				
Bonds and notes payable - principal	2,018	331	780	131
U.S., State & Other long-term debts-principal	1,000	-	-	-
Interest	5,326	504	1,986	90
<b>TOTAL EXPENDITURES</b>	<b>9,408</b>	<b>1,360</b>	<b>3,839</b>	<b>428</b>
Excess of revenues over (under) expenditures	(1,545)	(268)	2,422	15
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds from issuance of long term debt	25,920	-	21,860	-
Bond premium	2,814	-	1,721	-
Payment to refunded bond escrow agent	(25,670)	-	(12,625)	-
Operating transfers out	(3,333)	(118)	(12,945)	(93)
Operating transfers to the City of Long Beach	-	-	-	-
Payments to City of Long Beach, net	-	-	(520)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(269)</b>	<b>(118)</b>	<b>(2,509)</b>	<b>(93)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,814)	(386)	(87)	(78)
Fund balance-October 1	17,895	1,898	8,868	661
<b>FUND BALANCE - SEPTEMBER 30</b>	<b>\$ 16,081</b>	<b>\$ 1,512</b>	<b>\$ 8,781</b>	<b>\$ 583</b>

See accompanying independent auditors' report.



Project Income Fund	Los Altos Project	Central Long Beach Project	North Long Beach Project	Total
\$ -	\$ 320	\$ 1,923	\$ 10,629	\$ 27,475
2,778	-	-	-	2,778
30	5	2	557	1,650
-	585	-	-	585
<u>2,808</u>	<u>910</u>	<u>1,925</u>	<u>11,186</u>	<u>32,488</u>
-	7	35	649	2,652
-	-	-	-	329
-	35	481	2,926	4,021
-	-	-	310	3,570
-	-	17	-	1,017
-	-	49	2,706	10,661
<u>-</u>	<u>42</u>	<u>582</u>	<u>6,591</u>	<u>22,250</u>
<u>2,808</u>	<u>868</u>	<u>1,343</u>	<u>4,595</u>	<u>10,238</u>
-	-	-	-	47,780
-	-	-	-	4,535
-	-	-	-	(38,295)
-	(862)	(1,319)	(5,429)	(24,099)
(2,753)	-	-	-	(2,753)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(520)</u>
(2,753)	(862)	(1,319)	(5,429)	(13,352)
55	6	24	(834)	(3,114)
<u>185</u>	<u>-</u>	<u>-</u>	<u>44,212</u>	<u>73,719</u>
<u>\$ 240</u>	<u>\$ 6</u>	<u>\$ 24</u>	<u>\$ 43,378</u>	<u>\$ 70,605</u>

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Component Unit/Low-and Moderate-Income Housing Funds by Project Area**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Downtown Project	West Beach Project	West Long Beach Industrial Project
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property tax increment	\$ 1,391	\$ 263	\$ 1,479
20% Housing set-aside from other agencies	329	-	-
Interest income	115	-	96
Rental income	60	-	-
Other income	852	-	725
TOTAL REVENUES	<u>2,747</u>	<u>263</u>	<u>2,300</u>
<b>EXPENDITURES</b>			
Administration costs	264	40	227
Professional services	-	-	-
Acquisition expense	-	-	-
Operation of acquired property	68	-	-
Relocation costs	-	-	-
Project improvement/construction costs	-	-	-
Interdepartmental charges	205	-	-
Rehabilitation grants and loans	619	223	393
TOTAL EXPENDITURES	<u>1,156</u>	<u>263</u>	<u>620</u>
Excess of revenues over/ (under) expenditures	<u>1,591</u>	<u>-</u>	<u>1,680</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Advances-capitalized interest	-	-	-
Proceeds from land sale	-	-	-
Operating transfer to the Redevelopment Agency	(1,591)	-	(665)
TOTAL OTHER FINANCING SOURCES/(USES)	(1,591)	-	(665)
Excess of revenues and other sources over expenditures and other uses	-	-	1,015
Fund balance-October 1	17,662	-	4,370
FUND BALANCE - SEPTEMBER 30	<u>\$ 17,662</u>	<u>\$ -</u>	<u>\$ 5,385</u>

See accompanying independent auditors' report.

Poly High Project	Los Altos Project	Central Long Beach Project	North Long Beach Project	Total
\$ 106	\$ 80	\$ 481	\$ 2,658	\$ 6,458
-	-	-	-	329
-	-	-	172	383
-	-	-	-	60
-	-	-	-	1,577
<u>106</u>	<u>80</u>	<u>481</u>	<u>2,830</u>	<u>8,807</u>
16	12	74	408	1,041
-	-	-	188	188
-	-	-	1	1
-	-	-	-	68
-	-	-	30	30
-	-	407	265	672
90	68	-	-	363
-	-	-	-	1,235
<u>106</u>	<u>80</u>	<u>481</u>	<u>892</u>	<u>3,598</u>
-	-	-	1,938	5,209
-	-	26	-	26
-	-	400	-	400
-	-	(426)	-	(2,682)
-	-	-	-	(2,256)
-	-	-	1,938	2,953
-	-	-	6,044	28,076
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,982</u>	<u>\$ 31,029</u>

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Changes in Long-Term Debt**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Balance September 30 2002	Additions	Deductions	Balance September 30 2003
<b><u>Poly High Project</u></b>				
Bonds-Tax Allocation Bonds 2002	\$ 1,710	\$ -	\$ 131	\$ 1,579
<b>Total</b>	<u>1,710</u>	<u>-</u>	<u>131</u>	<u>1,579</u>
<b><u>West Beach Project</u></b>				
Bonds-Tax Allocation Bonds 2002	8,895	-	331	8,564
<b>Total</b>	<u>8,895</u>	<u>-</u>	<u>331</u>	<u>8,564</u>
<b><u>West Long Beach Ind'l Proj.</u></b>				
Notes-Land Purchase/Mester	104	-	-	104
Bonds-Tax Allocation Bonds 1992	30,750	-	13,405	17,345
Bonds-Tax Allocation Bonds 2002B	-	21,860	-	21,860
<b>Total</b>	<u>30,854</u>	<u>21,860</u>	<u>13,405</u>	<u>39,309</u>
<b><u>Downtown Project</u></b>				
Notes-Block 85: L&M Andriole	1,000	-	1,000	-
Bonds-Tax Allocation Bonds 1992A	65,595	-	27,075	38,520
Bonds-Tax Allocation Bonds 2002A	26,820	-	613	26,207
Bonds-Tax Allocation Bonds 2002B	-	25,920	-	25,920
<b>Total</b>	<u>93,415</u>	<u>25,920</u>	<u>28,688</u>	<u>90,647</u>
<b><u>Los Altos Project</u></b>				
Notes-Los Angeles County-Share of Tax Increment: Principal	1,008	158	-	1,166
Interest Payable	83	41	-	124
Notes-Los Angeles County Office of Education- Share of Tax Increment: Principal	8	1	-	9
Interest Payable	-	1	-	1
<b>Total</b>	<u>1,099</u>	<u>201</u>	<u>-</u>	<u>1,300</u>
<b><u>Central Long Beach Proj</u></b>				
Notes-Community Bank-253 Magnolia	658	-	17	641
<b>Total</b>	<u>658</u>	<u>-</u>	<u>17</u>	<u>641</u>
<b><u>North Long Beach Project</u></b>				
Bonds-Tax Allocation Bonds 2002	40,290	-	310	39,980
<b>Total</b>	<u>40,290</u>	<u>-</u>	<u>310</u>	<u>39,980</u>
<b>TOTAL AGENCY LONG-TERM DEBT</b>	<u>\$ 176,921</u>	<u>\$ 47,981</u>	<u>\$ 42,882</u>	<u>\$ 182,020</u>
<b>Long-term Indebtedness is summarized as follows:</b>				
Notes	\$ 2,861	\$ 201	\$ 1,017	\$ 2,045
Bonds	174,060	47,780	41,865	179,975
<b>Total</b>	<u>\$ 176,921</u>	<u>\$ 47,981</u>	<u>\$ 42,882</u>	<u>\$ 182,020</u>

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Poly High Project			
	Budgeted Amounts		Actual On	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property tax increment	\$ 342	\$ 342	\$ 425	\$ 83
Interest income	22	22	26	4
<b>TOTAL REVENUES</b>	<b>364</b>	<b>364</b>	<b>451</b>	<b>87</b>
<b>EXPENDITURES</b>				
Administration costs	90	90	53	37
Professional services	1	1	-	1
Planning, survey and design	9	9	5	4
Operation of acquired property	5	5	-	5
Project improvement/construction costs	150	150	-	150
Pass through's and ERAF payments	200	200	200	-
Debt service payments:				
Bonds and notes payable-principal	131	262	131	131
Interest payments	96	96	91	5
<b>TOTAL EXPENDITURES</b>	<b>682</b>	<b>813</b>	<b>480</b>	<b>333</b>
Excess of revenues over (under) expenditures	(318)	(449)	(29)	420
Excess (deficiency) of revenues and other sources over expenditures and other uses	(318)	(449)	(29)	420
Fund deficit-October 1, budgetary basis	(2,261)	(2,261)	(2,261)	-
<b>FUND DEFICIT - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (2,579)</b>	<b>\$ (2,710)</b>	<b>\$ (2,290)</b>	<b>\$ 420</b>

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	West Beach Project			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 996	\$ 996	\$ 1,053	\$ 57
Interest income	43	43	39	(4)
<b>TOTAL REVENUES</b>	<b>1,039</b>	<b>1,039</b>	<b>1,092</b>	<b>53</b>
<b>EXPENDITURES</b>				
Administration costs	84	84	126	(42)
Planning, survey and design	5	5	16	(11)
Housing set-aside	-	-	329	(329)
Pass through's and ERAF payments	200	200	171	29
Debt service payments:				
Bonds and notes payable-principal	331	200	331	(131)
Interest payments	505	505	504	1
<b>TOTAL EXPENDITURES</b>	<b>1,125</b>	<b>994</b>	<b>1,477</b>	<b>(483)</b>
Excess of revenues over (under) expenditures	(86)	45	(385)	(430)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(86)	45	(385)	(430)
Fund balance-October 1, budgetary basis	1,608	1,608	1,608	-
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 1,522</b>	<b>\$ 1,653</b>	<b>\$ 1,223</b>	<b>\$ (430)</b>

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

West Long Beach Industrial Project				
	Budgeted Amounts		Actual On	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property tax increment	\$ 5,365	\$ 5,365	\$ 5,916	\$ 551
Interest income	1,314	1,314	437	(877)
Land sale proceeds	2,232	-	1,191	1,191
Other income	(11)	(11)	-	11
TOTAL REVENUES	8,900	6,668	7,544	876
<b>EXPENDITURES</b>				
Administration costs	814	1,605	1,550	55
Professional services	19	71	19	52
Planning, survey and design	53	53	242	(189)
Acquisition costs	201	138	22	116
Operation of acquired property	-	-	23	(23)
Project improvement/construction costs	260	260	8	252
Disposal costs	15	15	29	(14)
Land purchases	-	-	56	(56)
Rehabilitation grants and loans	1	1	-	1
Pass through's and ERAF payments	297	297	208	89
Debt service payments:				
Bonds and notes payable-principal	825	825	780	45
City/County advances and loans-principal	2,411	2,411	-	2,411
U.S., State and other long-term debt principal	-	9,516	-	9,516
Interest payments	1,810	1,810	1,996	(186)
TOTAL EXPENDITURES	6,706	17,002	4,933	12,069
Excess of revenues over (under) expenditures	2,194	(10,334)	2,611	12,945
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Proceeds from long term debt	-	23,566	21,860	(1,706)
Bond premium	-	-	1,721	1,721
Advance refunding	-	(12,705)	(12,625)	80
Transfers in (out), net	(422)	(422)	-	422
Payment to/from Redevelopment Agency	(1,609)	(38)	(1,212)	(1,174)
Transfer to the City	-	-	(500)	(500)
Transfer from the City	519	519	-	(519)
Payments to the City of Long Beach, net	(452)	(452)	(520)	(68)
TOTAL OTHER FINANCING SOURCES (USES)	(1,964)	10,468	8,724	(1,744)
Excess of revenues and other sources over expenditures and other uses	230	134	11,335	11,201
Fund balance-October 1, budgetary basis	25,136	25,136	25,136	-
Encumbrances, beginning of the Year	8	8	8	-
FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS	\$ 25,374	\$ 25,278	\$ 36,479	\$ 11,201

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Downtown Project			
	Budgeted Amounts		Actual On	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property tax increment	\$ 6,215	\$ 6,215	\$ 7,209	\$ 994
Interest income	1,091	1,091	782	(309)
Rental income	720	720	1,102	382
Land sale proceeds	(2,403)	(2,403)	2,800	5,203
Other income	(80)	947	36	(911)
<b>TOTAL REVENUES</b>	<b>5,543</b>	<b>6,570</b>	<b>11,929</b>	<b>5,359</b>
<b>EXPENDITURES</b>				
Administration costs	1,886	2,814	2,510	304
Professional services	1,142	1,150	41	1,109
Planning, survey and design	140	152	231	(79)
Acquisition costs	1,406	1,406	18	1,388
Operation of acquired property	175	2,973	259	2,714
Relocation costs	-	-	23	(23)
Relocation Payments	-	-	25	(25)
Project improvement/construction costs	2,133	2,151	90	2,061
Disposal costs	-	-	17	(17)
Land purchases	1,022	1,022	-	1,022
Furniture and equipment	8	8	6	2
Debt service payments:				
Bonds and notes payable-principal	1,405	1,405	2,018	(613)
City/County advances and loans-principal	879	879	-	879
U.S., State and other long-term debt principal	-	-	1,000	(1,000)
Interest payments	4,766	4,766	5,326	(560)
<b>TOTAL EXPENDITURES</b>	<b>14,962</b>	<b>18,726</b>	<b>11,564</b>	<b>7,162</b>
Excess of revenues over (under) expenditures	(9,419)	(12,156)	365	12,521
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Proceeds from long term debt	2,415	31,025	25,920	(5,105)
Bond premium	-	-	2,814	2,814
Advance refunding	-	(25,826)	(25,670)	156
Transfers in (out), net	(2,168)	(2,213)	-	2,213
Payment to/from Redevelopment Agency	1,690	1,690	(1,968)	(3,658)
Transfer to the City	(500)	(500)	(300)	200
Transfer from the City	1,000	1,000	-	(1,000)
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>2,437</b>	<b>5,176</b>	<b>796</b>	<b>(4,380)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,982)	(6,980)	1,161	8,141
Fund deficit-October 1, budgetary basis	(86,399)	(86,399)	(86,399)	-
Encumbrances, beginning of the Year	21	21	21	-
<b>FUND DEFICIT - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (93,360)</b>	<b>\$ (93,358)</b>	<b>\$ (85,217)</b>	<b>\$ 8,141</b>

See accompanying independent auditors' report.



**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Project Income			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ 117	\$ 117	\$ 60	\$ (57)
Rental income	50	50	44	(6)
Transient occupancy tax	2,678	2,678	2,778	100
 TOTAL REVENUES	 2,845	 2,845	 2,882	 37
<b>EXPENDITURES</b>				
Administration costs	18	18	8	10
Planning, survey and design	3	3	-	3
Operation of acquired property	26	25	-	25
Project improvement/construction costs	4	-	-	-
 TOTAL EXPENDITURES	 51	 46	 8	 38
 Excess of revenues over (under) expenditures	 2,794	 2,799	 2,874	 75
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in (out), net	(11)	(11)	-	11
Payment to/from Redevelopment Agency	(850)	(1,329)	(363)	966
Transfer to the City	(2,678)	(2,678)	(2,753)	(75)
 TOTAL OTHER FINANCING SOURCES (USES)	 (3,539)	 (4,018)	 (3,116)	 902
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 (745)	 (1,219)	 (242)	 977
 Fund deficit-October 1, budgetary basis	 (25,513)	 (25,513)	 (25,513)	 -
 FUND DEFICIT - SEPTEMBER 30, BUDGETARY BASIS	 \$ (26,258)	 \$ (26,732)	 \$ (25,755)	 \$ 977

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Los Altos Project			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property tax increment	\$ 275	\$ 275	\$ 320	\$ 45
Interest income	7	7	6	(1)
Other income	736	736	585	(151)
<b>TOTAL REVENUES</b>	<b>1,018</b>	<b>1,018</b>	<b>911</b>	<b>(107)</b>
<b>EXPENDITURES</b>				
Administration costs	74	74	67	7
Professional services	3	3	-	3
Planning, survey and design	17	17	11	6
Pass through's and ERAF payments	155	155	194	(39)
Interest payments	941	941	1	940
<b>TOTAL EXPENDITURES</b>	<b>1,190</b>	<b>1,190</b>	<b>273</b>	<b>917</b>
Excess of revenues over (under) expenditures	(172)	(172)	638	810
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Other deferred payments	135	135	159	24
Transfers in (out), net	(11)	(11)	-	11
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>124</b>	<b>124</b>	<b>159</b>	<b>35</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(48)	(48)	797	845
Fund deficit-October 1, budgetary basis	(9,702)	(9,702)	(9,702)	-
<b>FUND DEFICIT - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (9,750)</b>	<b>\$ (9,750)</b>	<b>\$ (8,905)</b>	<b>\$ 845</b>

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	Central Long Beach Project			
	Budgeted Amounts		Actual On	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property tax increment	\$ 1,043	\$ 1,043	\$ 1,923	\$ 880
Interest income	(18)	(18)	63	81
Rental income	182	182	218	36
Land sale proceeds	(872)	(872)	-	872
Other income	1,061	451	91	(360)
<b>TOTAL REVENUES</b>	<b>1,396</b>	<b>786</b>	<b>2,295</b>	<b>1,509</b>
<b>EXPENDITURES</b>				
Administration costs	372	372	499	(127)
Professional services	-	-	77	(77)
Planning, survey and design	-	-	225	(225)
Acquisition costs	795	2,744	1,241	1,503
Operation of acquired property	-	-	181	(181)
Relocation costs	2,197	2,186	135	2,051
Relocation Payments	-	-	241	(241)
Project improvement/construction costs	1,889	1,904	495	1,409
Land purchases	-	-	6,145	(6,145)
Rehabilitation grants and loans	-	-	20	(20)
Pass through's and ERAF payments	261	261	481	(220)
Debt service payments:				
Bonds and notes payable-principal	10	10	-	10
City/County advances and loans-principal	-	-	-	-
U.S., State and other long-term debt principal	66	66	17	49
Interest payments	29	29	80	(51)
<b>TOTAL EXPENDITURES</b>	<b>5,619</b>	<b>7,572</b>	<b>9,837</b>	<b>(2,265)</b>
Excess of revenues over (under) expenditures	(4,223)	(6,786)	(7,542)	(756)
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Proceeds from long term debt	(849)	(3,078)	-	3,078
Transfers in (out), net	(17)	488	-	(488)
Payment to/from Redevelopment Agency	3,620	5,054	3,543	(1,511)
Transfer to the City	-	-	(200)	(200)
Transfer from the City	(15)	2,700	3,743	1,043
Payments to the City of Long Beach, net	(200)	(200)	-	200
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>2,539</b>	<b>4,964</b>	<b>7,086</b>	<b>2,122</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,684)	(1,822)	(456)	1,366
Fund deficit-October 1, budgetary basis	(16,099)	(16,099)	(16,099)	-
Encumbrances, beginning of the Year	12	12	12	-
<b>FUND DEFICIT - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ (17,771)</b>	<b>\$ (17,909)</b>	<b>\$ (16,543)</b>	<b>\$ 1,366</b>

See accompanying independent auditors' report.

**Redevelopment Agency of the City of Long Beach**  
**(A Component Financial Reporting Unit of the City of Long Beach, California)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended September 30, 2003**  
**(In Thousands)**

	North Long Beach Project			
	Budgeted Amounts		Actual On	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property tax increment	\$ 8,159	\$ 8,159	\$ 10,629	\$ 2,470
Interest income	619	619	690	71
Rental income	497	172	27	(145)
Land sale proceeds	(1,314)	(1,314)	-	1,314
Other income	2,624	2,624	1	(2,623)
<b>TOTAL REVENUES</b>	<b>10,585</b>	<b>10,260</b>	<b>11,347</b>	<b>1,087</b>
<b>EXPENDITURES</b>				
Administration costs	6,857	6,884	2,126	4,758
Professional services	223	223	10	213
Planning, survey and design	3,493	3,493	642	2,851
Acquisition costs	24,926	25,448	12	25,436
Operation of acquired property	656	656	1,340	(684)
Relocation costs	-	-	3	(3)
Site clearance costs	591	591	-	591
Project improvement/construction costs	4,104	4,787	2,164	2,623
Land purchases	2,682	-	70	(70)
Rehabilitation grants and loans	1,304	1,300	732	568
Pass through's and ERAF payments	2,304	2,304	2,926	(622)
Debt service payments:				
Bonds and notes payable-principal	310	310	310	-
U.S., State and other long-term debt principal	72	72	-	72
Interest payments	2,644	2,644	2,725	(81)
<b>TOTAL EXPENDITURES</b>	<b>50,166</b>	<b>48,712</b>	<b>13,060</b>	<b>35,652</b>
Excess of revenues over (under) expenditures	(39,581)	(38,452)	(1,713)	36,739
<b>OTHER FINANCING</b>				
<b>SOURCES AND (USES)</b>				
Proceeds from long term debt	32,452	(2,147)	-	2,147
Transfers in (out), net	3,820	3,820	-	(3,820)
Payment to/from Redevelopment Agency	(305)	(305)	-	305
Transfer to the City	-	-	(1,021)	(1,021)
Transfer from the City	1,625	-	-	-
Payments to the City of Long Beach, net	(1,695)	(1,200)	-	1,200
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>35,897</b>	<b>168</b>	<b>(1,021)</b>	<b>(1,189)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,684)	(38,284)	(2,734)	35,550
Fund balance-October 1, budgetary basis	47,175	47,175	47,175	-
Encumbrances, beginning of the Year	5	5	5	-
<b>FUND BALANCE - SEPTEMBER 30, BUDGETARY BASIS</b>	<b>\$ 43,496</b>	<b>\$ 8,896</b>	<b>\$ 44,446</b>	<b>\$ 35,550</b>

See accompanying independent auditors' report.

## **Auditor's Report on Compliance**



355 South Grand Avenue, Suite 2000  
Los Angeles, CA 90071

333 West Ocean Blvd.  
Long Beach, CA 90802

**Report on Compliance and on Internal Control over  
Financial Reporting Based on the Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and City Council  
Citizens of Long Beach, California

The Members of the Redevelopment Agency Board  
City of Long Beach, California:

We have audited the basic financial statements of the Redevelopment Agency of the City of Long Beach (Agency), a component unit of the City of Long Beach, California, as of and for the year ended September 30, 2003 and have issued our report thereon, dated January 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

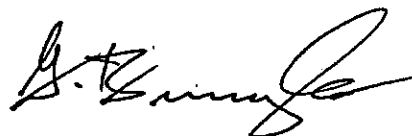
As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. Such provisions include those provisions of laws and regulations contained in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller's Office. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, the City's management, the Agency's Board, the Agency's management and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

A handwritten signature in black ink, appearing to read "G. L. Burroughs", written in a cursive style.

KPMG LLP

Gary L. Burroughs, CPA  
City Auditor

January 23, 2004

## **General Information**



## **CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA GOALS FOR FY 2003-2004**

### **(1) Facilitate the re-planning, redesign and redevelopment of the Project Area.**

- Begin implementation of the Central Long Beach Strategic Guide for Development.
- Identify priority sites for redevelopment consistent with the Strategic Guide.
- Identify and provide solutions for blighting influences.
- Identify environmental deficiencies and develop corrective action plans.

### **(2) Contribute to neighborhood revitalization.**

- Support neighborhood efforts to create beauty and pride in the Project Area.
- Continue redevelopment efforts in the Atlantic corridor including housing and commercial development and removal of blighting influences.
- Encourage human-scale, pedestrian-oriented developments that preserve open space.
- Encourage neighborhood identity initiatives.
- Identify opportunities for development of new neighborhood-serving parks.
- Identify future opportunities for affordable housing.
- Develop programs for rehabilitating existing housing stock.
- Facilitate and encourage homeownership opportunities.
- Support the Library Services' efforts to construct a new library in the Project Area.

### **(3) Strengthen the economic base of the Project Area.**

- Encourage small business growth and development.
- Support and encourage business assistance programs to Central Long Beach businesses.
- Provide funding for economic development activities in Central Long Beach.
- Support projects that provide for expanded business development and additional employment opportunities

### **(4) Work toward the adaptive reuse of existing structures and toward the development of new buildings that enhance the East Village Arts District.**

- Monitor construction of the Lofts on 4<sup>th</sup> residential project located at the southwest corner of 4<sup>th</sup> Street and Alamitos Avenue in the East Village Arts District.

## **CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA GOALS FOR FY 2003-2004 – CONTINUED**

- (5) Work toward the adaptive reuse of existing buildings within the East Village Arts District for Live/Work and Home Occupation functions.**

  - Continue to implement the East Village Arts District, Artist Loan Program.
  - Implement live/work and studio space conversions of East Village live/work sites at 140 Linden Avenue (Lafayette), and 318-326 Elm Avenue (Bay Hotel).
  - Continue to prepare and process loan agreements with property owners for the conversion of commercial buildings to live/work units in the East Village Arts District.
  - Continue to explore the concept of an Arts Exchange within the East Village.
- (6) Work toward the adaptive reuse of existing structures and toward the development of new buildings that enhance the West Gateway.**

  - Work with developers, after selection, to establish a residential community in West Gateway.
- (7) Support the Long Beach Unified School District's efforts to identify school sites to relieve overcrowding in the Project Area and allow residents to attend neighborhood schools.**
- (8) Serve as staff support to various committees and organizations.**

  - Continue to provide staff support to the Central Project Area Committee.
  - Continue to provide staff support to the East Village Steering Committee.
  - Continue to liaison with the Public Corporation for the Arts in implementing new public art.
  - Continue to explore alternative funding sources that would assist in funding future development of the Central Project Area.
- (9) Support the development of affordable housing in Long Beach.**

  - Transfer 20% of available project area tax increment to the Housing Development Fund.

## **DOWNTOWN PROJECT AREA GOALS FOR FY 2003-2004**

- (1) Encourage commercial development in the Downtown in conformance with the Redevelopment Plan and Downtown Strategy for Development.**
  - CityPlace OPA (Developers Diversified Realty)
  - D'Orsay Hotel OPA (Long Beach Plaza Associates)
- (2) Encourage residential development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development.**
  - Block M DDA (Genesis Real Estate Group)
  - Implement DDA for residential loft/retail project at 224-228 E. Broadway (American Hotel Lofts, LLC).
  - Implement OPA with owner of Insurance Exchange Building to develop loft/commercial project.
  - Implement DDAs with Greystone, Olson and Lyon for Promenade sites.
- (3) Negotiate development agreements in conformance with the Redevelopment Plan and Downtown Strategy for Development.**
  - Negotiate Disposition and Development Agreements for the West Gateway area for residential development.
- (4) Pursue planning initiatives in conformance with the Redevelopment Plan and Downtown Strategy for Development.**
  - Implement recommendations of the Downtown Parking Study.
  - In cooperation with Planning staff, implement changes to the City/Agency Design Review process to better coordinate, streamline, and make the City/Agency Design Review process more applicant-friendly.
- (5) Support activities that foster an inviting, safe pedestrian environment in the Downtown.**
  - Contribute to Downtown marketing efforts.
  - Continue support for alley cleaning.
  - Support weekly Farmer's Market and Craft Fair.
- (6) Support the development of affordable housing in Long Beach.**
  - Transfer 20% of available Project Area tax increment to the Housing Development Fund.
- (7) Serve as staff support to various committees and organizations.**
  - Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).
  - Provide staff liaison to the Public Corporation for the Arts in implementing new public art projects and programs.

## **LOS ALTOS PROJECT AREA GOALS FOR FY 2003-2004**

- (1) Fully meet all of the financial obligations of the Project Area.**
  - Use all sales tax revenues for repayment of the loan from the West Long Beach Industrial Project Area.
  - Use all tax increment, less expenses for Project Area administration, housing set-aside, and public art maintenance, for repayment of the loan from the West Long Beach Industrial Project Area.
- (2) Support the development of affordable housing in Long Beach.**
  - Set-aside 20% of Project Area tax increment for affordable housing.
- (3) Preserve the public amenities created as part of the redevelopment of the Los Altos Shopping Center.**
  - Provide reserve for capital replacement.

## **NORTH LONG BEACH REDEVELOPMENT PROJECT AREA GOALS FOR FY 2003-2004**

### **(1) Facilitate the re-planning, redesign and redevelopment of the Project Area.**

- Implement the North Long Beach Strategic Guide for Redevelopment.
- Implement the North Long Beach Street Enhancement Master Plan.
- Implement the North Long Beach Design Guidelines.
- Implement the Bixby Knolls Design Guidelines.
- Implement the Commercial Facade Improvement Program.
- Identify priority sites for redevelopment consistent with the Strategic Guide.
- Work with Planning and Building Department to develop and adopt the North Long Beach Design Guidelines.
- Work with Planning and Building Department to revise General Plan and Zoning Ordinance for consistency with the Strategic Guide and Street Enhancement Master Plan.

### **(2) Contribute to neighborhood revitalization.**

- Provide median and/or streetscape improvements at Market & Long Beach Boulevard, the North Village Center and North Long Beach gateways.
- Provide funding for local street improvements (including curbs, gutters and sidewalks), storm drain improvements, dirt alley paving, ADA improvements and other public works infrastructure in North Long Beach.
- Facilitate the development of a new North Long Beach Library Branch into or near the North Village Center.
- Provide funding for the Sutter School and Jane Adams Middle School Neighborhood Enhancement Areas.
- Work with property owners to address neighborhood deficiencies in the 3300 and 3400 blocks of Andy Street.
- Support neighborhood efforts to create beauty and pride.
- Facilitate development of park open space at 55th Way, Market & Dairy and Plymouth & Elm.
- Identify additional opportunities for development of additional open space.
- Develop programs for rehabilitating existing housing stock.

### **(3) Strengthen the economic base of the Project Area.**

- Revitalize commercial/retail areas consistent with the Strategic Guide for Redevelopment.
- Provide funding for economic development activities in North Long Beach.
- Provide funding for small business assistance programs in North Long Beach.
- Encourage small business growth and development.
- Support projects that provide for expanded business development and additional employment opportunities.

## **NORTH LONG BEACH REDEVELOPMENT PROJECT AREA GOALS FOR FY 2003-2004 – CONTINUED**

- (4) Market the strengths of the North Long Beach Community.**
  - Explore potential marketing program to advertise the qualities of North Long Beach.
- (5) Provide staff support to various committees and organizations.**
  - Continue to provide staff support to the North Long Beach Subcommittee.
  - Continue to provide staff support to the North Long Beach Project Area Committee.
  - Continue to provide staff support to the North Long Beach Strategic Guide Steering Committee.
- (6) Support the development of affordable housing in Long Beach.**
  - Transfer 20% of Project Area tax increment to the Housing Development Fund.

## **POLY HIGH REDEVELOPMENT PROJECT AREA GOALS FOR FY 2003-2004**

- (1) Preserve the public amenities created as part of the redevelopment of the Poly High Project Area.**
- Continue to support the development of affordable housing by transferring 20% of Project Area tax increment to the Housing Development Fund.
  - Fully meet all of the financial obligations of the Project Area.

## **WEST BEACH PROJECT AREA GOALS FOR FY 2003-2004**

- (1) Continue to support development of the West Ocean commercial corridor.**
  - Continue to assist private sector developments in the Project Area in conformance with the Redevelopment Plan and Downtown Strategy for Development.
- (2) Support the development of affordable housing in Long Beach.**
  - Transfer 20% of available Project Area tax increment to the Housing Development Fund.
- (3) Serve as staff support to various committees and organizations.**
  - Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).



## **WEST LONG BEACH INDUSTRIAL PROJECT AREA GOALS FOR FY 2003-2004**

- (1) Facilitate the re-planning, redesign and redevelopment of the Project Area.**
  - Implement the Industrial Strategy Action Plan.
  - Work with PAC to identify and address local flood control issues.
  - Work with PAC to address priorities for undergrounding of utilities and abandonment of alleys.
  - Work with PAC to address priorities for acquisition of remaining non-conforming residential properties.
  - Work with PAC to address truck and parking issues.
- (2) Contribute to Project Area revitalization.**
  - Facilitate removal and conversion of non-conforming residential uses to industrial uses.
  - Implement Agency approved Disposition and Development Agreements and Owner Participation Agreements.
- (3) Strengthen the economic base of the Project Area.**
  - Issue annual Request for Proposals for Available Agency-Owned Properties.
  - Encourage growth and development of small businesses in West Long Beach.
  - Support projects that provide for expanded industrial development and additional employment opportunities.
- (4) Provide staff support to various committees and organizations.**
  - Continue to provide staff support to the West Long Beach Subcommittee.
  - Continue to provide funding and staff support to the Westside Project Area Committee.
  - Continue to provide staff support in implementing the Industrial Strategy Action Plan.
- (5) Support the development of affordable housing in Long Beach.**
  - Transfer 20% of Project Area tax increment to the Housing Development Fund.

Comparison of  
Project Area Goals for FY 2002-03  
with  
Project Area Accomplishments for  
FY 2002-03

# **CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA COMPARISON OF GOALS FOR FY 2002-2003 WITH ACCOMPLISHMENTS FOR FY 2002-2003**

## **GOAL #1**

### **Facilitate the re-planning, redesign and redevelopment of the Project Area.**

- Support the preparation of the Central Long Beach Strategic Guide for Development.
- Identify priority sites for redevelopment consistent with the Strategic Guide.
- Identify and provide solutions for blighting influences.
- Identify environmental deficiencies and develop corrective action plans.

### **ACCOMPLISHMENTS**

- Entered into a planning services agreement with the Arroyo Group for the development of the Central Strategic Guide to Development.
- Provided direct staff support for the development of the 6<sup>th</sup> District Master Plan.

## **GOAL #2**

### **Contribute to neighborhood revitalization.**

- Support neighborhood efforts to create beauty and pride in the Project Area.
- Continue redevelopment efforts in the Atlantic corridor including housing development and removal of blighting influences.
- Encourage human-scale, pedestrian-oriented developments that preserve open space.
- Encourage neighborhood identity initiatives.
- Identify opportunities for development of new neighborhood-serving parks.
- Identify future opportunities for affordable housing.
- Develop programs for rehabilitating existing housing stock.
- Facilitate and encourage homeownership opportunities.
- Support the Library Services' efforts to construct a new library in the Project Area.

### **ACCOMPLISHMENTS**

- Identified three commercial properties on Atlantic Avenue and 20<sup>th</sup> Street as potential candidates for the façade improvement program.
- Identified vacant parcel from the County on Pasadena Avenue for the development of a pocket park.
- Continued the site control process for the new Mark Twain Library at Anaheim Street and Gundry Avenue.
- Provided staff support to the East Village Association to secure a \$400,000 CDBG funded façade grant.
- Continued to work with the East Village Association, Public Corporation for the Arts and Museum of Latin American Art to select an artist and design concept for the East Village Gateway Project.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

**GOAL #3**

**Strengthen the economic base of the Project Area.**

- Encourage small business growth and development.
- Support and encourage business assistance programs to Central Long Beach businesses.
- Provide funding for economic development activities in Central Long Beach.
- Support projects that provide for expanded business development and additional employment opportunities.

**ACCOMPLISHMENTS**

- Developed a Business Beautification Program to initiate the commercial revitalization of the Atlantic Avenue Corridor.
- Developed a comprehensive incentive package to attract financial institutions.
- Provide funding for economic development activities in Central Long Beach.

**GOAL #4**

**Work toward the adaptive reuse of existing structures and toward the development of new buildings that enhance the East Village Arts District.**

- Monitor construction of the Lofts on 4<sup>th</sup> residential project located at the southwest corner of 4<sup>th</sup> Street and Alamitos Avenue in the East Village Arts District.

**ACCOMPLISHMENTS**

- Entered into a DDA to develop the vacant site at 4<sup>th</sup> Street and Alamitos Avenue.
- Continued to work with Christian Outreach Appeal to renovate and expand their facility.

**GOAL #5**

**Work toward the adaptive reuse of existing buildings within the East Village Arts District for Live/Work and Home Occupation functions.**

- Continue to implement the East Village Arts District, Artist Loan program.
- Implement live/work and studio space conversions of East Village live/work sites at 140 Linden Avenue (Lafayette) and 318-326 Elm Avenue (Bay Hotel).
- Continue to prepare and process loan agreements with property owners for the conversion of commercial buildings to live/work units in the East Village Arts District.
- Continue to prepare and process loan agreements with property owners for the conversion of commercial buildings to live/work units in the East Village Arts District.
- Continue to explore the concept of an Arts Exchange within the East Village.

**ACCOMPLISHMENTS**

- Completed the live/work project at 405-433 Alamitos Avenue.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

- Entered into an agreement with Christian Outreach Appeal to develop four live/work units at 320-326 Elm Avenue (Bay Hotel).
- Completed work with the Lafayette Association of Homeowners for entitlements to develop 8 live/work units at 140 Linden Avenue.

**GOAL #6**

**Work toward the adaptive reuse of existing structures and toward the development of new buildings that enhance the West Gateway.**

- Work with developers, after selection, to establish a residential community in West Gateway.

**ACCOMPLISHMENTS**

- Purchased a property located at 325 Daisy Avenue.
- Purchased a property at 605 West Broadway.
- Released a Request for Proposals and received eleven submissions for the West Gateway Residential Project.

**GOAL #7**

**Support the Long Beach Unified School District's efforts to identify school sites to relieve overcrowding in the Project Area and allow residents to attend neighborhood schools.**

**ACCOMPLISHMENTS**

- Assisted the Long Beach Unified School District with the creation of a new elementary school at Broadway and Golden by preparing an environmental impact report, traffic study, air quality analysis and hazard assessment.

**GOAL #8**

**Serve as staff support to various committees and organizations.**

- Continue to provide staff support to the Central Project Area Committee.
- Continue to provide staff support to the East Village Steering Committee.
- Continue to liaison with the Public Corporation for the Arts in implementing new public art.
- Continue to explore alternative funding sources that would assist in funding future development of the Central Project Area.

**ACCOMPLISHMENTS**

- Continue to provide staff support to the Central Project Area Committee.
- Continue to provide staff support to the East Village Steering Committee.

**CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

- Continue to liaison with the Public Corporation for the Arts in implementing new public art.
- Continue to liaison with the Atlantic Community Economic Development Corporation.
- Continue to liaison with the 6<sup>th</sup> District Master Plan Steering Committee.
- Continue to liaison with Central and Wrigley Neighborhood Improvement Strategy Areas.

**GOAL #9**

**Support the development of affordable housing in Long Beach.**

- Transfer 20% of available Project Area tax increment to the Housing Development Fund.

**ACCOMPLISHMENTS**

- The Housing Development Fund has received 20% of available increment.

**DOWNTOWN PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003**

**GOAL #1**

**Encourage commercial development in the Downtown in conformance with the Redevelopment Plan and Downtown Strategy of Development.**

- CityPlace OPA (Developers Diversified Realty)
- D'Orsay Hotel OPA (Long Beach Plaza Associates)
- 100 E. Ocean Hotel (100 E. Ocean Investments, LLC)

**ACCOMPLISHMENTS**

- Encouraged commercial development in the Downtown through implementation of the CityPlace OPA. Project under construction with first store openings scheduled for 3<sup>rd</sup> Quarter 2002.
- Have assisted D'Orsay Partners (formerly known as Long Beach Plaza Associates) with their efforts to obtain project financing.
- OPA for hotel-only project was terminated.
- Assisted 100 E. Ocean Investments, LLC in their effort to obtain entitlement approval of a substitute mixed-use proposal.

**GOAL #2**

**Encourage residential development in the Downtown in conformance with the Redevelopment Plan and the Downtown Strategy for Development**

- Block M DDA (Genesis Real Estate Group).
- Complete and implement DDA for residential loft/retail project at 224-228 E. Broadway (American Hotel Lofts, LLC).
- Complete and implement OPA with owner of Insurance Exchange Building to develop loft/commercial project.
- Complete and implement DDAs with Greystone, Olson and Lyon for Promenade sites.

**ACCOMPLISHMENTS**

- Closed real estate escrow for Block M Genesis Real Estate Group. Project under construction.
- Worked with Developer and new joint venture partner to complete DDA for new mixed-use loft project (Broadway Lofts).
- Completed proposal review process for West Gateway area. Developer selection pending and neighborhood planning effort underway.
- Worked with new owner of Insurance Exchange Building to complete OPA for historic rehabilitation and adaptive reuse of the building for mixed uses.

**DOWNTOWN PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

**GOAL #3**

**Negotiate development agreements in conformance with the Redevelopment Plan and Downtown Strategy for Development**

- Negotiate Disposition and Development Agreements for the West Gateway area for residential development.
- Work with the new owner of Pine Square/Pacific Court to refurbish and reposition the commercial portion of the development.

**ACCOMPLISHMENTS**

- Worked with the three Promenade developers to complete DDAs for their mixed-use projects.
- Solicitation of development proposals for Block 81 suspended pending conclusion of work by Downtown Parking Task Force.
- Provided various assistance to new owner of Pine Square. Currently negotiating sale of Agency's remainder fee interest in the site to new owner.

**GOAL #4**

**Pursue planning initiatives in conformance with the Redevelopment Plan and Downtown Strategy for Development.**

- Complete Downtown Parking Study and implement the recommendations.
- In cooperation with Planning staff, develop and bring forward for Board consideration recommendations to better coordinate, streamline, and make the City/Agency Design Review Process more applicant-friendly.

**ACCOMPLISHMENTS**

- Report on Downtown parking completed; examination of financing options underway; site acquisition underway.
- Planning/Redevelopment staffs have developed proposed changes to existing design review processes in consultation with the Planning Commission and the Agency Board.

**GOAL #5**

**Support activities that foster an inviting, safe pedestrian environment in the Downtown.**

- Contribute to Downtown marketing efforts.
- Continue support for alley cleaning.
- Support weekly Farmer's Market and Craft Fair.



**DOWNTOWN PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

**ACCOMPLISHMENTS**

- Through implementation of the FY 2002-03 Budget, the Agency has supported a variety of Downtown marketing efforts including various banners, project identification signs and a new Downtown parking map, among others.
- The Agency has supported Downtown alley and trash enclosure cleaning by paying for the services of outside vendors to accomplish the task.
- Agency staff has worked cooperatively with the management of the weekly Farmer's Market and Craft Fair to improve and enhance this key downtown event.

**GOAL #6**

**Support the development of affordable housing in Long Beach.**

- Transfer 20% of available Project Area tax increment to the Housing Development Fund.

**ACCOMPLISHMENTS**

- The Housing Development Fund has received 20% of available increment.

**GOAL #7**

**Serve as staff support to various committees and organizations.**

- Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).
- Provide staff liaison to the Public Corporation for the Arts (PCA) in implementing new public art projects and programs.

**ACCOMPLISHMENTS**

- Agency staff has continued to provide support to a variety of committees and organizations, including the DLBA and PCA.

**LOS ALTOS PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003**

**GOAL #1**

**Fully meet all of the financial obligations of the Project Area.**

- Use all sales tax revenues for repayment of the loan from the West Long Beach Industrial Project Area.
- Use all tax increment, less expenses for Project Area administration, housing set-aside, and public art maintenance, for repayment of the loan from the West Long Beach Industrial Project Area.

**ACCOMPLISHMENTS**

- Used sales tax and tax increment revenue to provide payments to the West Long Beach Industrial Project Area.

**GOAL #2**

**Support the development of affordable housing.**

- Set-aside 20% of Project Area tax increment for affordable housing.

**ACCOMPLISHMENTS**

- Set aside 20% of tax increment for affordable housing.

**GOAL #3**

**Preserve the public amenities created as part of the redevelopment of the Los Altos Shopping Center.**

- Provide reserve for capital replacement.

**ACCOMPLISHMENTS**

- Public amenities did not require expenditures for maintenance in FY 02.

# **NORTH LONG BEACH PROJECT AREA COMPARISON OF GOALS FOR FY 2002-2003 WITH ACCOMPLISHMENTS FOR FY 2002-2003**

## **GOAL #1**

### **Facilitate the re-planning, redesign and redevelopment of the Project Area.**

- Implement the North Long Beach Strategic Guide for Redevelopment.
- Implement the North Long Beach Street Enhancement Master Plan.
- Implement the North Long Beach Design Guidelines.
- Implement the Bixby Knolls Design Guidelines.
- Implement the Commercial Facade Improvement Program.
- Identify priority sites for redevelopment consistent with the Strategic Guide.
- Issue bonds to provide financing for implementation of the Strategic Guide and Street Enhancement Master Plan.
- Work with Planning and Building Department to revise General Plan and Zoning Ordinance for consistency with the Strategic Guide and Street Enhancement Master Plan.

## **ACCOMPLISHMENTS**

- Continued implementation of the North Long Beach Strategic Guide for Redevelopment.
- Continued implementation of the North Long Beach Street Enhancement Master Plan.
- Monitored the completion of the Trader Joe's development project.
- Identified priority sites for redevelopment consistent with the Strategic Guide.
- Retained consultant to begin work towards revising General Plan and Zoning Ordinance for consistency with Strategic Guide.

## **GOAL #2**

### **Contribute to neighborhood revitalization.**

- Facilitate the expansion and relocation of the North Long Beach Library Branch into or near the North Village Center.
- Provide median and/or streetscape improvements at Market & Long Beach Boulevard, the North Village Center and North Long Beach gateways.
- Provide funding for local street improvements (including curbs, gutters and sidewalks), storm drain improvements, dirt alley paving, ADA improvements and other public works infrastructure in North Long Beach.
- Provide funding for the Grisham, Sutter School and Hamilton Middle School Neighborhood Enhancement Areas.
- Work with property owners to address neighborhood deficiencies in the 3300 and 3400 blocks of Andy Street.
- Support neighborhood efforts to create beauty and pride.
- Facilitate development of park open space at 55th Way, Market & Dairy and Plymouth & Elm.
- Identify additional opportunities for development of additional open space.
- Encourage human-scale, pedestrian-oriented developments that preserve open space.

**NORTH LONG BEACH PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 – CONTINUED**

- Identify future opportunities for improving the quality of affordable housing.
- Develop programs for rehabilitating existing housing stock.

**ACCOMPLISHMENTS**

- Began development of the North Long Beach Design Guidelines.
- Continued implementation of the Bixby Knolls Design Guidelines.
- Began implementation of the Commercial Façade Improvement Program.
- Explored feasibility and potential location for a new North Branch Library.
- Identified opportunities for development of open space and park space (55th Way, Market & Dairy and Plymouth & Elm).
- Provided funding for the Neighborhood Enhancement Area (Hamilton School Neighborhood) and expanded program into two additional neighborhoods (Sutter School and Jane Adams School).
- Supported neighborhood efforts to create beauty and pride through funding of the Neighborhood Partners Program.
- Identified future opportunities for improving the quality of affordable housing (Parwood Project).

**GOAL #3**

**Strengthen the economic base of the Project Area.**

- Revitalize commercial/retail areas consistent with the Strategic Guide for Redevelopment.
- Revitalize neighborhood-serving commercial/retail areas.
- Provide funding for economic development activities in North Long Beach.
- Provide funding for small business assistance programs in North Long Beach.
- Encourage small business growth and development.
- Support projects that provide for expanded business development and additional employment opportunities.

**ACCOMPLISHMENTS**

- Provided funding for economic development activities in North Long Beach.
- Provided funding for small business assistance programs in North Long Beach.
- Worked with the PAC and the Economic Development Bureau to develop business assistance programs and activities in North Long Beach.
- Completed and adopted program guidelines for the Commercial Façade Improvement Program.
- Revitalized commercial/retail areas through funding of the Commercial Façade Improvement Program.

**NORTH LONG BEACH PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

**GOAL #4**

**Market the strengths of the North Long Beach Community.**

- Explore potential marketing program to advertise the qualities of North Long Beach.

**ACCOMPLISHMENTS**

- Worked with PAC to explore potential marketing program to advertise the qualities of North Long Beach.

**GOAL #5**

**Provide staff support to various committees and organizations.**

- Continue to provide staff support to the North Long Beach Subcommittee.
- Continue to provide staff support to the North Long Beach Project Area Committee.
- Continue to provide staff support to the North Long Beach Strategic Guide Steering Committee.
- Continue to provide staff support in implementing the Strategic Guide.
- Continue to provide staff support in implementing the Street Enhancement Master Plan.

**ACCOMPLISHMENTS**

- Provided staff support to the North Long Beach Subcommittee.
- Provided staff support to the North Long Beach Project Area Committee.

**GOAL #6**

**Support the development of affordable housing in Long Beach.**

- Transfer 20% of Project Area tax increment to the Housing Development Fund.

**ACCOMPLISHMENTS**

- Transferred 20% of project area tax increment to the Housing Development Fund for the purpose of increasing or enhancing affordable housing in North Long Beach.
- Continued implementation of the rehabilitation of the Grisham Apartments project which will provide 94 units of affordable housing.
- Completed negotiation of the refinancing and rehabilitation of the Parwood Apartments project which will provide 526 units of affordable housing.

**POLY HIGH REDEVELOPMENT PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003**

**GOAL #1**

**Preserve the public amenities created as part of the redevelopment of the Poly High Project Area.**

- Continue to support the development of affordable housing by transferring 20% of Project Area tax increment to the Housing Development Fund.
- Repay West Long Beach Project Area loan.
- Fully meet all of the financial obligations of the Project Area.
- Implement commercial revitalization projects to enhance commercial properties within the Project Area.

**ACCOMPLISHMENTS**

- Transferred 20% of Project Area tax increment to the Housing Development Fund.
- Fully repaid West Long Beach Project Area loan.

**GOAL #2**

**Support the Long Beach Unified School District's efforts to identify new school sites to relieve overcrowding in the Project Area and allow residents to attend neighborhood schools.**

**ACCOMPLISHMENTS**

- Support for the Long Beach Unified School District was transferred from Agency staff to Property Services Bureau staff.

**WEST BEACH PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003**

**GOAL #1**

**Continue to support development of the West Ocean commercial corridor.**

- Continue to assist private sector developments in the Project Area in conformance with the Redevelopment Plan and Downtown Strategy for Development.

**ACCOMPLISHMENTS**

- Staff has continued to assist private sector initiatives in the Project Area which conform to the Redevelopment Plan and Downtown Strategy for Development.

**GOAL #2**

**Support the development of affordable housing in Long Beach.**

- Transfer 20% of available Project Area tax increment to the Housing Development Fund.

**ACCOMPLISHMENTS**

- The Housing Development Fund has received 20% of available increment.

**GOAL #3**

**Serve as staff support to various committees and organizations.**

- Provide staff support for the Downtown Property Based Improvement District (PBID) and the Downtown Long Beach Associates (DLBA).

**ACCOMPLISHMENTS**

- Agency staff has continued to provide support to a variety of committees and organizations, including the DLBA and Public Corporation for the Arts.

# **WEST LONG BEACH INDUSTRIAL PROJECT AREA COMPARISON OF GOALS FOR FY 2002-2003 WITH ACCOMPLISHMENTS FOR FY 2002-2003**

## **GOAL #1**

### **Facilitate the re-planning, redesign and redevelopment of the Project Area.**

- Implement the Industrial Strategy Action Plan.
- Identify potential funding sources to address Project Area needs and priorities.
- Work with PAC to identify and address local flood control issues.
- Work with PAC to address priorities for undergrounding of utilities and abandonment of alleys.
- Work with PAC to address priorities for acquisition of remaining non-conforming residential properties.
- Work with PAC to address truck parking issues.

### **ACCOMPLISHMENTS**

- Worked with PAC and community to develop Westside Industrial Strategy Action Plan.
- Completed and adopted the Westside Industrial Strategy Action Plan.
- Worked with PAC to identify outstanding flood control issues.
- Worked with PAC to address and prioritize undergrounding of utilities and abandonment of alleys.
- Worked with the PAC and the Regional Water Quality Control Board to address groundwater contamination issues.

## **GOAL #2**

### **Contribute to Project Area revitalization.**

- Enforce development standards and design criteria.
- Facilitate removal and conversion of non-conforming residential uses to industrial uses.
- Implement Agency-approved Disposition and Development Agreements and Owner Participation Agreements.

### **ACCOMPLISHMENTS**

- Entered into Purchase Agreement with Farqhar to facilitate removal and conversion of non-conforming residential uses to industrial uses.
- Entered into Owner Participation Agreement with P & L Land Development to facilitate redevelopment of non-conforming residential use for expansion of existing Westside business.
- Facilitated the development of a site for use by Ace Crane to provide additional employment opportunities.



**WEST LONG BEACH INDUSTRIAL PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

**GOAL #3**

**Strengthen the economic base of the Project Area**

- Issue annual Request for Proposals for available Agency-owned properties.
- Encourage growth and development of small businesses in West Long Beach.
- Support projects that provide for expanded industrial development and additional employment opportunities.
- Continue Port of Long Beach repayments for Port related public improvements.

**ACCOMPLISHMENTS**

- Issued annual Request for Proposals for Available Agency-Owned Properties to all West Long Beach businesses and property owners.
- Provided funding for economic development activities in West Long Beach.
- Provided funding for small business assistance programs in West Long Beach.
- Responded to proposals resulting from Annual Request for Proposals.
- Completed and approved an OPA with P & L Land Development (17<sup>th</sup> Street).
- Completed and approved a DDA with Lowi & Associates (1501 West 14<sup>th</sup> Street).
- Completed and approved a DDA with Pacific Pallet (2210 W. Gaylord).
- Completed and approved a DDA with Mainland Pacific (1515 Judson).
- Monitored construction and/or issued Certificates of Completion for:
  - P & L Land Development (17<sup>th</sup> Street)
- Made payment in full to Port of Long Beach for reimbursement of port related public improvements.

**GOAL #4**

**Provide staff support to various committees and organizations.**

- Continue to provide staff support to the West Long Beach Subcommittee.
- Continue to provide staff support to the Westside Project Area Committee.
- Continue to provide funding for the Westside Project Area Committee.
- Continue to provide staff support in implementing the Industrial Strategy Action Plan.

**ACCOMPLISHMENTS**

- Continued to provide staff support to the West Long Beach Subcommittee.
- Continued to provide staff support to the Westside Project Area Committee.
- Continued to provide staff support in completing and implementing the Industrial Strategy Action Plan.

**WEST LONG BEACH INDUSTRIAL PROJECT AREA  
COMPARISON OF GOALS FOR FY 2002-2003  
WITH ACCOMPLISHMENTS FOR FY 2002-2003 - CONTINUED**

**GOAL #5**

**Support the development of affordable housing in Long Beach.**

- Transfer 20% of Project Area tax increment to the Housing Development Fund.

**ACCOMPLISHMENTS**

- Transferred 20% of Project Area tax increment to the Housing Development Fund for the purpose of increasing or enhancing affordable housing.

**GOAL #6**

**Address the Project Area's blighting influences and environmental deficiencies.**

**ACCOMPLISHMENTS**

- Acquired non-conforming residential properties, cleared the sites, and remarketed the sites for industrial uses (Farqhar properties, including five non-conforming residential properties).